

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

DRAMATIC VICTORY FUND ARITHMETIC **ALBERT W. ATWOOD** 23

A SIMPLE PAY DEDUCTION PROCESS **FREDERICK W. HETZEL** 26

RACC—THE LAST STRAW **HERBERT BRATTER** 28

PVT. ENTERPRISE AT HOME SWEET HOME 30

THE WOMEN BELONG **EDWARD N. HAY** 32

TO 20,000 NEW TELLERS **FRANK J. WILSON** 38

HOW SHOULD RATES BE STATED? **C. W. PHELPS vs. A. A. FRIEDRICH** 44

THE BANKS' PART IN THE VICTORY FUND DRIVE 47

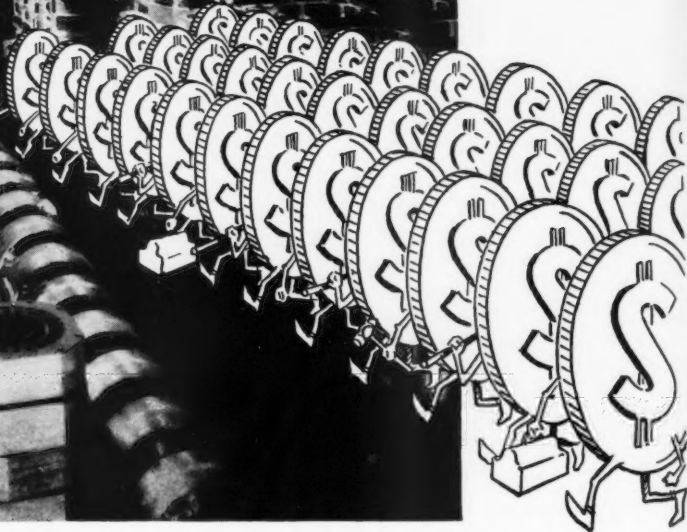
APRIL, 1943

WHEN A SOLDIER NEEDS A BANK (page 50) . . . REGULATION V HAS A BIRTHDAY (page 42)
EVER TAKE A PARACHUTE JUMP? (page 67) . . . AN ALL-WOMAN BANK (page 43)
"POINTS" ACROSS THE SEA (page 37) . . . AN IMPORTANT COURT DECISION (page 57)

DOUGLAS-GUARDIAN Service Keeps Inventory Dollars Working



While Stocks
are
Waiting
to be Used



INVENTORY CAN HELP WIN THE WAR IN TWO IMPORTANT WAYS: While awaiting "call for service," as materials on the production line or supplies on the fighting front, inventory serves as collateral under Douglas-Guardian Service to finance further production.

Working Dollars are Profit Dollars

Every dollar rescued from idle inventory and put to work by Douglas-Guardian Service helps bankers perform their magnificent job of "supplying the money," and means additional profit for them.

CONSULTATION without OBLIGATION

FREE: "How to Solve a Difficult Financial Problem"

Two financial statements, "Before" and "After" Douglas-Service, are very interesting, very informative.

**BUY
U. S. WAR
BONDS &
SAVINGS
STAMPS
NOW!**

Field Warehousing by Douglas-Guardian

DOUGLAS-GUARDIAN WAREHOUSE CORPORATION, Nation-Wide Field Warehousing Service

CHICAGO: Suite 1101, 100 West Monroe Street

NEW ORLEANS, 118 North Front Street

Atlanta, Ga.	Cleveland, O.	Dallas, Tex.	Easton, Md.	Los Angeles, Cal.	Memphis, Tenn.	New York, N. Y.
Philadelphia, Pa.	Portland, Ore.	Rochester, N. Y.	San Francisco, Cal.	Springfield, Mass.	Springfield, Mo.	Tampa, Fla.

Just a Minute



BETTMANN ARCHIVE

This old print shows the "interior of a banking house during night opening hours, arranged for 'tradesmen' to subscribe to government loans during the Civil War"

Victory \$\$

IT LOOKS AS though the big financial news of the month is the Victory Fund drive for \$13 billion.

Anticipating the active, leading part bankers are to have in the campaign, BANKING views it from a variety of angles in this issue.

First you'll find Mr. Atwood's over-all picture of the vast financial operations managed by the Treasury — on the one hand, the intake through Victory Funds, War Bonds, taxes, etc., and on the other, the outgo through such channels as payments on war contracts, service men's pay and allotments, and the many other outlets. All this is, of course, primarily a banking operation, involving the clearance of some 15,000,000 government checks a month.

Then there are stories on the banks' campaign plans for the April financing, including a letter from A.B.A. President HEMINGWAY who, among other things, recommends that each bank fix its own Victory Fund quota before the drive opens. Another article sums up the special report on government financing made by the A.B.A. Economic Policy Commission.

(CONTINUED ON PAGE 3)

BANKING

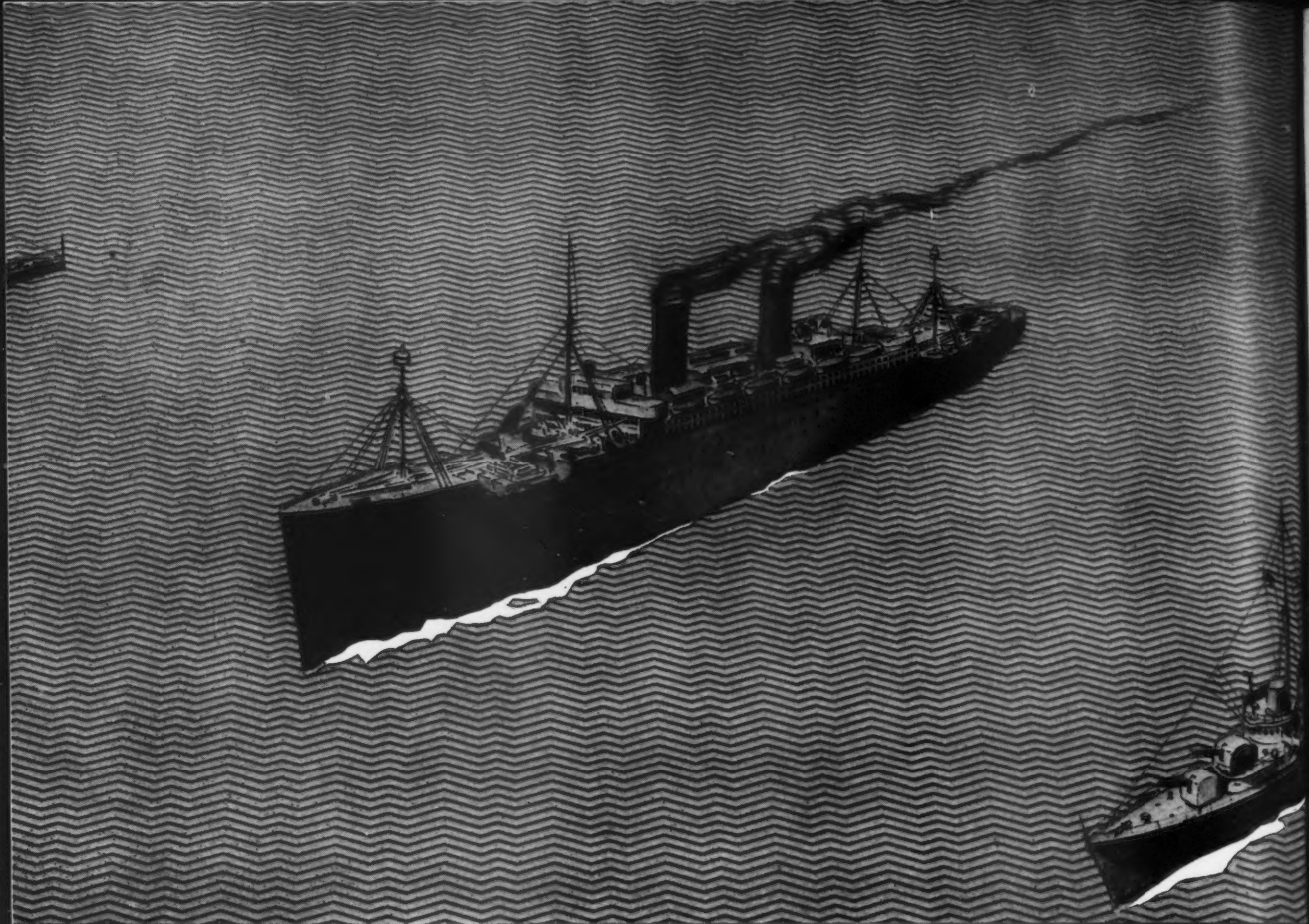
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CONTENTS FOR APRIL 1943

Just a Minute	John L. Cooley	1
The National Prospect	Herbert Bratter	10
Your Reading		20
Dramatic Victory Fund Arithmetic	Albert W. Atwood	23
A Simple Payroll Deduction Process	Frederick W. Hetzel	26
The 48-Hour Week	William Powers	27
RACC—the Last Straw		28
Pvt. Enterprise at Home, Sweet Home	Bob Kirkpatrick and John McCann	30
The Women Belong	Edward N. Hay	32
BANKING NEWS SECTION		33-56
News Items		33
Food Rationing in Britain	F. Bradshaw Makin	37
To 20,000 New Tellers	Frank J. Wilson	38
Plain Talk on the Farm Problem	Harry W. Rawson	40
Sparklers for Speakers		41
Regulation V's First Birthday	Herbert Bratter	42
An All-Woman Farm Bank Reports		43
How Should Interest Rates Be Stated?	C. W. Phelps and A. A. Friedrich	44
State Association Activities		46
The Banks' Part in the Victory Fund Drive		47
People You Know	Pictures	48
Services to Service Men	Pictures	50
Rating the Neighborhood	Margaret Kane	52
Interest Rates Decline	Dale E. Hoffman	54
Students Apply G.S.B. Training	Pictures	56
The Legal Answer Page		57
Methods and Ideas		60
Heard Along Main Street		67
North of the Border		78
Free Booklets		79
Index to Advertisers		79
The Condition of Business	William R. Kuhns	80

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An Army Travels On Its —

Logistics... is the word for the exact military science of transport, quarter and supply, which establishes second fronts and secures the bridgeheads to victory! » » Upon the speed and facility with which this branch of the service can function and perform its vast combination of duties depends the eventual outcome of the war. » » In War, as in Peace — on the Home Front, as on the Second Front — checks facilitate quick, safe handling of funds whether for large amounts or small — are the equivalent of cash in transactions

among individuals and industries, tradesmen and nations. » » To safeguard against counterfeiting and fraudulent alteration over 75% of the nation's largest banks . . . and leading industrial and corporate enterprises . . . today write their checks and other negotiable instruments on La Monte Safety Paper. » » This is the safety paper, invented in 1871 by George La Monte — which has since borne the imprint of scores of the nation's great trade-marks and proudest business names.

For samples of La Monte Safety Papers, see your lithographer or printer — or write us direct

LA MONTE *Safety* PAPER



GEORGE LA MONTE & SON
Nutley New Jersey



JUST A MINUTE—Continued

48 Hours a Week

MR. POWERS' article on the lengthened workweek and its application to banking is certainly a "must" for bankers.

"Allowing for exceptions and possible adjustments," he writes, "all employers, including banks, in the critical areas are expected to move immediately toward a 48-hour week and to cease hiring additional employees until the 'Minimum Wartime Workweek' is in full effect throughout their organizations."

MR. POWERS puts his usual practical slant on the problem by reviewing the plan adopted by several banks in a "critical area" of the midwest. He also calls attention to several features of a 48-hour week that tend to offset what at first glance may seem like a 30 per cent increase in payroll costs.

Another Good One

FREDERICK W. HETZEL's "A Simple Pay Deduction Process" is also an "in the bank" article. Mr. HETZEL talks about a check form that greatly facilitates payroll deductions for such purposes as War Bond purchases, Social Security taxes, the Victory Tax and (maybe) income tax withholdings. The check is his own idea, but he offers it to bankers gratis.

Rereading

THE DAY the National Resources Planning Board's reports were published, we reread Dr. PAUL F. CADMAN's "From the Cradle to the Grave," in BANKING for February.

Maybe you did the same thing—or maybe you will.

We had a deskful of compliments on that article. Some of our correspondents ordered reprints for statement stuffers and other public distribution.

One of them, H. ELLENOFF, who is in the printing business in New York, took occasion to point out that Dr. CADMAN, "like other American critics of the Beveridge Plan, has overlooked the fundamental fallacy of such legislation."

"Social insurance," Mr. ELLENOFF pointed out, "cannot create jobs in the economic sense. It cannot increase the production of wealth. It can only take from wealth producers and is therefore a fake scheme—dust in the eyes of the unthinking."

International Relations

LAST New Year's Eve, ALFRED E. GIBSON, publicity officer of The State Savings Bank of Victoria at Melbourne, wrote his annual greeting to W. ESPEY ALBIG, retired deputy manager of the American Bankers Association. The note arrived late in the Winter at Mr. ALBIG's Roaring Brook Farm, Wassaic, New York.

"This year," wrote Mr. GIBSON, "has been an exacting and trying year for us all. But here in Australia we are in a much happier position today than we ever expected to be, thanks very largely to the presence of so many of your fellow countrymen. They have been very popular and are doing a great job. And I think they have found our country and people both interesting and hospitable."

"I had the pleasure of hunting round to secure for one of your Army doctors
(CONTINUED ON PAGE 5)

BUSINESS NEED NOT "FLY BLIND"

Our services chart a safe course through problems involving reorganization and refinancing.

The AMERICAN
APPRAISAL Company
CONSULTANTS IN PROPERTY ECONOMICS

R. G. RANKIN & CO.

CERTIFIED
PUBLIC
ACCOUNTANTS

Examinations
of
Banks and Trust Companies
for
Directors' Committees

NEW YORK
CHICAGO
WASHINGTON

"I had to do all that chasing to the bank before it got girl tellers"



Alex Friedman

Here Lived the Conscience of Democracy



57-59 MAIDEN LANE

WHEN the immortal Jefferson was Secretary of State in the early, troubled days of the Republic, he lived at 57 Maiden Lane, New York. Not as picturesque or as celebrated as his famous establishment at Monticello, the residence at Maiden Lane is none the less associated with many significant incidents in the history of our country.

As we celebrate the bicentenary of Thomas Jefferson's birth this year, it is worthy of note that many happy coincidences exist in Jefferson's life and in that of the Home Insurance Company. The site of his residence, above, is now the main office of the Home. The company was founded on the One Hundred and Tenth anniversary of Jefferson's birth—April 13, 1853. And therefore the Home celebrates its

Ninetieth birthday this year on the date that the nation celebrates the Two Hundredth anniversary of Jefferson's natal day.

Accordingly, it is with particular pride and pleasure as Americans that we join in the national tribute to the man who was in his lifetime the conscience, as he is today regarded as a principal founder, of the American democracy which we are now fighting to defend.

The Home, through its agents and brokers, is America's leading insurance protector of American Homes and the Homes of American Industry.

★ THE HOME ★
Insurance Company
NEW YORK

FIRE ★ AUTOMOBILE ★ MARINE INSURANCE

Ninetieth Anniversary Year



GORDON SIMMS, "LOS ANGELES BANKER"

"Is that part about 'balancing' just awfully important?"

a genuine boomerang, and succeeded in getting one that had actually been used by our aboriginals, for which he was very grateful. I am sure the contacts being made will bring our two countries much closer together."

Food, Farmers and Farm Credit

WE DIDN'T design this as the Big Farm Issue of *BANKING*, but it does turn up with a goodly amount of material interesting and important (we think) to country bankers.

The banks' fight against revival of the Regional Agricultural Credit Corporation is reported by our Washington observer, HERBERT BRATTER.

On page 39 you will find a plain-spoken letter by a Wisconsin banker, HARRY W. RAWSON, who speaks forcefully about the farmer's current difficulties, and points out how banks can help.

Down in Friona, Texas, there's a bank, staffed entirely by women since all the men-folks joined the armed services. Mrs. CHARLES E. MCLEAN, the vice-president and cashier, tells about their job of managing a small bank—story, with pictures, on page 43.

Speaking of Farmers . . .

A LIBRARY of 2,000 photographs of agricultural scenes has been made available to bankers by the J. I. Case Company of Racine, Wisconsin, for use in banker-farmer advertising.

The pictures, covering all parts of the country, are classified by subject. They depict the growing of crops and livestock and the use of farm machinery, and are suitable for reproduction in ads.

Some bankers have asked the Case Company for permission to quote from its current series of advertisements in *BANKING*. We are informed that mats of the illustrations that feature these ads, as well as those in farm papers, can also be obtained. There is no charge for either mats or photographs.

Here's the new Spring and Easter War Stamp corsage designed for the War Savings Staff by Lilly Dache. It's made of nine 10-cent War Stamps. There are boutonnieres for men



THE PUBLIC NATIONAL BANK AND TRUST COMPANY OF NEW YORK

Service—Maintaining an intimate, personalized correspondent bank service.

Experience—Officials with years of service in this field, assuring a knowledge of requirements and valuable assistance.

Policy—To cooperate with out-of-town banks rather than compete for business which is rightfully theirs.



ESTABLISHED 1908

MEMBER
NEW YORK CLEARING HOUSE ASSOCIATION
FEDERAL DEPOSIT INSURANCE CORPORATION

SPECIALISTS IN—

United States Government Securities

Guaranteed Issues
Federal Land Bank
and
Other Agency Issues
Territorial Bonds
Municipal Bonds

C. J. DEVINE & CO.

48 Wall Street, New York

Chicago • Boston • Philadelphia
Cincinnati • St. Louis • San Francisco

Direct Wires to all Offices

FINANCING WAR PRODUCTION

Located in America's armament center, this bank is especially equipped to deal with financial problems arising from war production.

Pledged, as we are, to do all in our power to further the prosecution of the war, we have set up a War Loan Division, experienced in the analysis of war contracts and familiar with the requirements of the armed services and other governmental agencies.

We offer our services not only to local companies in need of war production loans but also to our correspondents throughout the country whose transactions with Detroit war industries can be expedited by our special and direct attention to their needs.

NATIONAL BANK OF DETROIT

Complete Banking and Trust Service

DETROIT, MICHIGAN

YOU HAVE NO MONEY TIED UP IN PERSONALIZED CHECKS

You don't have to worry about inventories when you sell Personalized Checks. They don't go into your budget because you only buy them when you sell them . . . and the customers pay the bill.

It isn't beyond the realm of possibility for banks, some day, to reduce their check costs to zero. It can be done. And the nice thing about it is that, in the doing, more and more customers get the benefit of imprinted checks at extremely low cost.

How can it be accomplished? Well, first, you have to want to do it. Then it's just a question of asking every established account and every new account to use imprinted checks. Something new will be added to

voice inflection when you "ask 'em to buy." Instead of saying, "Wouldn't you like to have your name printed on your checks?" you say, "We're asking all our customers to have their names printed on their checks." The words don't mean much but the sincerity of tone will do wonders. But back of all this is the need . . . your need. If profits are good and if you have plenty of experienced people who know how to decipher and sort and file signatures, then the need isn't there. However, if you have to reduce costs and cut down mis-sorts, then the need is great and the job will be important. So you'll want to do it and you will. And we'd like to help.



Manufacturing Plants at

NEW YORK CLEVELAND CHICAGO KANSAS CITY ST. PAUL



Princess Elizabeth and Princess Margaret Rose buy the first two £1 savings certificates of a new British issue

Suggestion

BE SURE, Mr. Banker, to have your new employees—especially the tellers—read the article by Chief FRANK WILSON of the United States Secret Service on counterfeiting and forgery detection.

Also, you might have them pay particular attention to the pictures accompanying the Chief's text.

With the increased flow of checks through the banks, proper endorsement and identification are particularly important.

Personal Economics

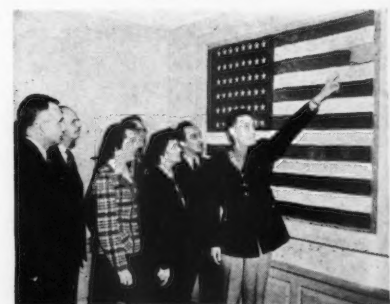
A NOVEL experiment in thrift education is being tried by the American Provident Society which has opened "a free clinic in money management" at 275 Seventh Avenue, New York.

This dispensary, explains CHARLES MILLS DEFOREST, executive vice-president of the Society, "is designed for both those who are sick financially and those who are in need of prophylaxis."

"In our Society's pharmacopoeia," continues Mr. DEFOREST, "there is no money to hand out nor other direct relief nor paying jobs. Information and advice are prescribed to enable applicants to cure themselves or build up resistance."

Counsel on wise spending, saving, life insurance, Social Security and "getting ahead" are available at the clinic.

War Department employees see the first American flag to reach Moroccan soil on November 8, 1942. The banner is to be sent to West Point



INTERNATIONAL
BANKING

"The Thing We (Bankers) Need"

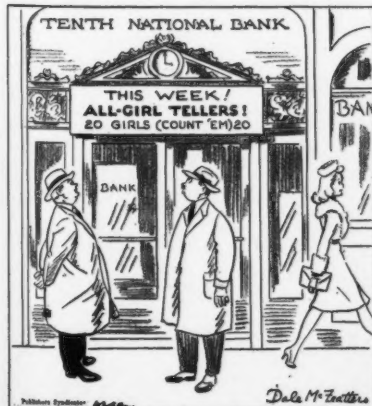
"For years and years," writes Banker J. H. PETERS, author of "What This Country Needs" in October 1942 BANKING, "we've had it dinned into our ears that the one all-important qualification of a good banker is the ability to say 'No.' It hasn't mattered so much what his qualifications in other directions might be, so long as his reactions generally were sufficiently negative. I know pretty well the pitfalls into which an undue degree of optimism can lead one in the extension of credit, and any banker thus afflicted is headed for certain trouble. I know, too, that to be influenced by an undue degree of pessimism in the extension of credit can work distinct injury, both to the bank and to the community it serves.

"The thing we need is an intelligently positive attitude—one that deals with all the possibilities of a situation at their best and worst, and that considers, also, and gives due emphasis and weight to, the probabilities."

Mr. PETERS, president of the First National Bank in Loveland, Colorado, thus expressed himself to C. R. ORCHARD, special assistant to the FDIC board, who had asked to publish Mr. PETERS' list of obligations a bank owes its customers, from our October 1942 issue.

Banker PETERS believes the banker should "receive every application for credit with a genuine desire to be helpful"; that he should "analyze every application for credit with a view to determining definitely that the credit, if extended, will be put to constructive use"; and that he should "be at least as diligent in seeking reasons for extending the accommodation as for refusing it, recognizing that negative decisions, as well as positive decisions, hold possibilities of loss."

"It's been a great business getter!"



PUBLISHERS SYNDICATE
April 1943



WHETHER it's advertising literature or inter-organization paper work—sales letters or instruction bulletins—their effectiveness demands speed, efficiency, and quality in their production. With a Davidson you are armed to reach prospects, customers, agents, and employees almost at a moment's notice. And you're certain of a new high in quality at a new low in cost.

For instance, your secretary can type a form letter directly on a Davidson offset plate using her standard typewriter. Add your signature with pen and ink right on the plate, and in a few minutes the job is ready to run. Whether you want a hundred copies or many thousand, they'll be clean and distinct from first to last, and they're done before you know it.

But that's not all. The Davidson also reproduces from photographic offset plates, type, electrotypes, and rubber plates—black and white or multi-color. It will handle your office forms, advertising folders, stationery, envelopes, confidential reports, etc., and you are free to choose the method of reproduction best suited to the job. Remember, only a Davidson can give you *all* this in *one* machine.

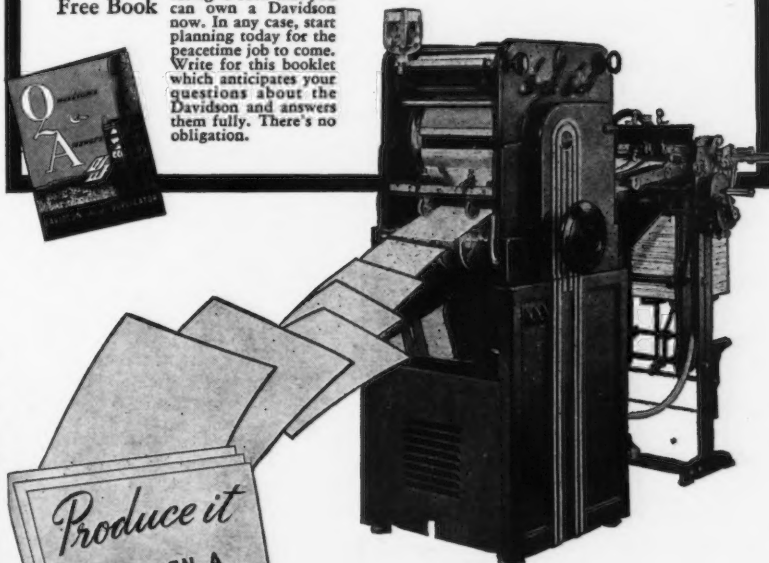
DAVIDSON MANUFACTURING CORPORATION

1020-60 WEST ADAMS STREET, CHICAGO

Agents in principal cities of U. S., Canada, Mexico

Get This
Free Book

Perhaps your priority rating is such that you can own a Davidson now. In any case, start planning today for the peacetime job to come. Write for this booklet which anticipates your questions about the Davidson and answers them fully. There's no obligation.



Davidson

CANADIAN-AMERICAN *Commerce*

Good neighbors in business as well as in social relations, Canadians and Americans for more than a century have carried on ever-increasing trade across a free and peaceful border.

The Bank of Montreal has been a consistently growing factor in that inter-nation trade. Beginning in 1817 with one office and a staff of seven, the Bank has grown steadily and has kept pace with Canada's needs and with Canadian-American commerce.

Today the Bank offers to Americans dealing with Canadians a nationwide, modern banking service with a network of branches covering the Dominion.

Our assets are more than a billion

NEW YORK: 64 Wall Street

CHICAGO: 27 South LaSalle St.

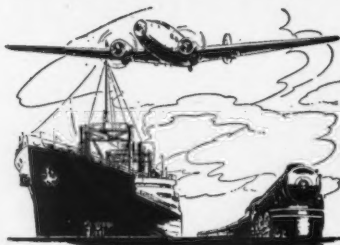
SAN FRANCISCO: 333 California St.

HEAD OFFICE—MONTREAL

Branches throughout Canada and Newfoundland

BANK OF MONTREAL

ESTABLISHED 1817



dollars, and we safeguard over a million deposit accounts of customers.

Our services include credit and market information, deposit and loaning facilities, commercial credits, collections and payments, assistance on the intricacies of foreign exchange due to war-time controls, and special wire connections to speed transactions.

Inquire at one of our American Offices or at the Head Office, Montreal.



HARRIS & EWING FROM GRI

All-American primer—War Ration Book 2

"Points" Across the Sea

THE PICTURE above reminds us to call attention to F. BRADSHAW MAKIN's "Food Rationing in Britain," page 37.

"The average Englishman," writes our British correspondent, "being a confirmed grouser, does his share of grumbling but nevertheless freely admits that a most difficult job is being done really well."

You'll be interested in noting the similarities and differences between Great Britain's food rationing setup and ours.

British Ration Banking

In a letter Mr. MAKIN has this to say about ration banking in Britain:

"The everyday operation of coupon accounts has passed almost unnoticed and goes on every bit as uniformly as any other banking transaction. Naturally in the early days customers had many enquiries of a routine nature, but the staffs quickly smoothed out these minor difficulties.

"In brief, the British bankers, handicapped by reduced staffs and many new restrictions and controls, have cheerfully accepted and efficiently carried out an additional task of considerable responsibility and no small magnitude."

JOHN L. COOLEY

New employee's conception of a bookkeeper "posting"



THE TELLER, DETROIT BANK
BANKING

INSIST ON

Parsons

Papers

FOR YOUR

Forms

Records

Stationery

•

Superior Quality

MADE FROM COTTON FIBERS

•

Ask your Printer for Samples
of these fine grade Papers

•

PARSONS PAPER CO.
HOLYOKE · MASSACHUSETTS

CONFIDENCE

INDUSTRIAL managements, bankers, and home owners throughout the nation are relying upon these two strong companies for protection against fire and other hazards. Confidence of these policyholders is one of our most important and highly prized assets . . . an invaluable asset we are determined to keep.

MILLERS NATIONAL
Insurance Company

ILLINOIS FIRE
Insurance Company

HOME OFFICE: CHICAGO



Oil for the Tanks of Africa

Tankers arrive on the African Coast to pump life-blood into our armored force, planes, trucks—victors over the perils placed in their path.

To build our tankers and other ships has been a major task for our shipyards. One such large yard, for example, had to do a "wholesale" job in a hurry. Extensive financing to build ways quickly was a necessary part of that task. The

Chase National Bank was contacted by one of its correspondents and the financing was quickly arranged—and oil for the tanks of Africa thereby speeded.

In this instance and under other similar circumstances from coast to coast, the Chase and other banks are actively helping producers to "deliver the goods" more quickly, more efficiently—when and where the fighting forces want them!

THE CHASE NATIONAL BANK

OF THE CITY OF NEW YORK

THE NATIONAL PROSPECT

HERBERT BRATTER

Washington, D. C.

Victory Fund



IN the Secretary of the Treasury's office, chief interest today is in the financing campaign which begins April 12. Last month Mr. Morgenthau took a step to bring loose ends together by appointing W. M. Robbins, 42-year-old foods salesman, as National Director of Sales of Treasury securities and chairman of a new War Finance Committee.

That committee is to "integrate the work of the War Savings Staff and the Victory Fund Committee in the sale of all government securities."

Eventually the WFC is expected to absorb the WSS and VFC. District WFC's have been set up in all 12 Federal Reserve districts. The Washington WFC is composed of Mr. Robbins, Harold N. Graves as head of the WSS, and George Buffington as head of the VFC, all of the Treasury staff. The 12 district WFC's organized by the Reserve bank presidents as their chairmen to advise the latter include in their membership representatives of the WSS and the VFC's.

According to the Treasury, in the April campaign to raise a minimum of \$13,000,000,000 all publicity will be enlisted in the joint endeavor, and will include wherever possible the continuous promotion activities of the War Savings Staff. Every function of the two organizations will be integrated in every productive way in preparation for and during the April campaign. The entire basket of Treasury securities, including E bonds, will be sold by all forces.

In announcing the new sales organization Secretary Morgenthau said:

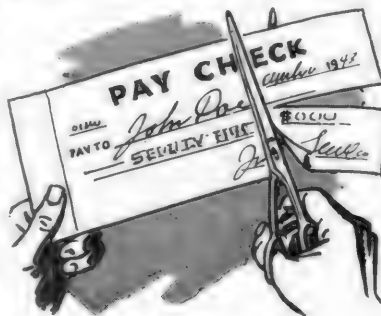
"The general purpose of the new organization which Mr. Robbins is to head is to coordinate more effectively the work of selling government securities to finance the war. In this great task we shall continue to rely, as we have in the past, on the patriotic cooperation of many willing volunteers, including all those whose unselfish efforts have set such a remarkable record in the sale of War Savings Bonds and Stamps as well as those whose intensive work made possible success in the first Victory Fund drive. This makes us confident that they will meet successfully the greater tasks that lie ahead of us in this and succeeding campaigns.

"Nowhere is there better evidence that here in the United States this is a people's war than in the widespread participation in the purchase of government securities.

"We are perfecting our organization simply to give to the American people better opportunities and facilities for putting their dollars to work for victory."

The move to unite Treasury fund-raising efforts under a single head is entirely logical, and should prove beneficial. This way there will be a minimum of duplicate solicitation. Also, it may be presumed, the April drive will get to the grass roots better than did the previous effort.

Taxes



Two important tax problems have been occupying the Ways and Means Committee for many weeks and it will be many more weeks before they are finally solved by Congress.

These are the problem of shifting to a system of current collection of personal income taxes, and the President's request for \$16,000,000,000 of new tax revenue. The last-mentioned task, which

Congress is not expected to completely fulfill in 1943 (at this writing in early March) has not been begun, pending solution of the more pressing transition problem.

Inflation



One watches with feelings of chagrin and helplessness the inexorable progress of inflation, as war dollars are generated to cover the deficit. The supply of ration coupons and points is definitely limited, but there seems to be no limit in sight to the increase in the volume of money and public savings. A heavy forced-saving program would prove a powerful anti-inflation instrument, but talk of this seems to have died down.

In the forefront of forces making for the further spiraling of inflation are the blocs of organized farmers and organized labor, each citing the other as justification for its demands. Since the OPA under Prentiss Brown has embarked on a policy of soothing Congress, it appears that there must be some appeasement of the newly-determined farm bloc. And that will mean concessions to labor; which will mean that industrial prices, hence farm parity, in turn must rise another notch.

The OPA's own data show no justification for farm-bloc price demands, whether viewed from the standpoint of price-cost relationship in farming, or compared with how other activities have fared during the war. During the past two years, as during the entire three and a half years since Hitler marched against Poland, increases in American farm-product prices have far outstripped increases in farm costs of production. Thus, during the period August 1939-January 1943, OPA finds the following percentage increases occurred:

(CONTINUED ON PAGE 12)

For 48-Hour Wartime Workweek . . .



LABOR LAW SERVICE

Loose Leaf • Always Up-to-Date

If you are being looked to for the answers to the thousand-and-one puzzling questions emerging under the intricate new "48-hour wartime workweek order," you will need essential facts quickly, fully, regularly. And there is an easy way to get them.

The CCH LABOR LAW SERVICE, in four handy loose leaf volumes, reports all pertinent facts and information on this and every other important angle of war-born regulation, restriction and control of labor, of this and every other important federal and state law on labor and allied topics, including: National War Labor Board provisions, National Labor Relations Act, Fair Labor Standards Act, war emergency wage stabilization, public contracts laws relating to labor, anti-injunction laws, state labor relations acts, state wage and hour laws, and related current developments.

Everything is arranged for quick reference or careful study in convenient loose leaf binders behind tabbed guides. Moreover, pertinent court decisions originally reported currently in loose leaf form are reissued in bound volumes as needed, and supplied without extra charge to subscribers.

Write for complete details

COMMERCE CLEARING HOUSE, INC.
PUBLISHERS OF LOOSE LEAF LAW REPORTING SERVICES

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The only Night Transit Service in Western New York!

YOUR bank can save as much as 24 hours in the presentation of cash items throughout New York State if you use the Marine Trust Company's Night Transit Service.

We meet all trains and planes up to 2:30 A. M. Incoming cash items are sorted and redispached to their destinations by the fastest possible route, with the result that your cash items are presented hours in advance.

For example, items arriving prior to 12:30 A. M. can almost invariably be presented the next business day in 60 New York State cities and towns. Cash items to other parts of the country are handled with comparable speed.

Let us show you in detail how you can benefit from this service—the only one of its kind on the Niagara Frontier.

MARINE TRUST COMPANY OF BUFFALO

A Marine Midland Bank

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

NATIONAL PROSPECT—Cont.

Commodity	Farm costs, including hired labor	Prices
Hogs.....	29	191
Potatoes.....	26	99
Cotton.....	29	139
Eggs.....	43	102
Wheat.....	14	98
Corn.....	17	124
Milk (wholesale).....	37	69
Beef cattle.....	30	87
All commodities.....	27	108

From 1939 to 1942, says OPA, prices received by farmers increased two and a half times as much as wage costs per unit of output and four times as much as total costs per unit of output. In a pamphlet of charts and tables on this subject, "Farm Prices, Farm Costs, and Farm Production," OPA states:

"Now that price-cost relationships in agriculture are equal to the best on record, further price increases cannot bring about further increases in total production. The lessons of the last war are very clear in this respect. Further increases in farm prices mean further increases in the cost of living. At a time when the pressure for further wage increases is already explosive, failure to stabilize farm prices may well break down the entire stabilization program."

The inflation prospect of repeated retiring to "prepared positions" is not reassuring.

The public debt limit



In connection with the April drive for \$13,000,000,000-plus, the following explanatory passage from House Report No. 181 recommending the increase in the public debt limit to \$210,000,000,000 is of interest for reference:

The 1944 budget submitted to Congress in January indicates that the deficit for the current fiscal year will amount to \$57,000,000,000, and, in addition, that the Treasury will be required to advance to governmental corporations approximately \$5,000,-

(CONTINUED ON PAGE 14)

Human Relations

OUR future as a nation depends upon relations between government and business; business and the people; the people one with another; employers with employees; our country with other countries, economically and culturally.

It depends upon securing the freedoms we cherish through a complete victory over our enemies, and it is contingent upon a future for all countries and all peoples free from evil propaganda and from policies imposed on them by internal or external forces.

Human Relations is the formula that will enable us to solve these problems, because with humane thought constantly in our minds we will give due consideration to the human element in our relations with others.

First in order after Victory is Justice to all the peoples and countries which have received inhuman treatment and experienced untold suffering and misery at the hands of forces which have ignored decent Human Relations in their policies.

This will necessarily mean firm, and even severe policies toward those who deserve it—measures which will teach the offenders that life is a two-way street and proper Human Relations must be recognized on both sides of that street.

 , President

INTERNATIONAL BUSINESS MACHINES CORPORATION

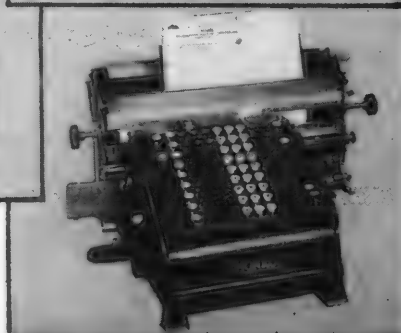
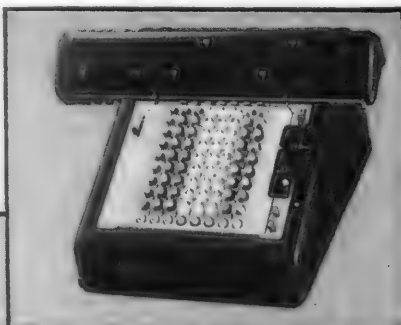


Every bank in the country is important in financing the most stupendous business the world has ever known—global war. And every man and woman, every machine in every bank is vital to the war effort.

Monroe machines are at work in banks all over the country; they are saving time and man power in their fast, accurate production of figures. Fortunately, these Monroe machines were sturdily built for years of service; and you must make them last for the duration. From now to Victory, the manufacturing resources of Monroe are turning out fighting munitions.

Through a nation wide system of Monroe-owned branches, Monroe offers you these two definite services to keep your machines at work: Guaranteed Mechanical Maintenance through regular inspections by trained mechanics who keep your Monroes operating efficiently; and expert analysis of your figure work and forms to give you the fullest use of your Monroe equipment.

Phone your nearest Monroe branch or write us for full details about Monroe wartime service. Monroe Calculating Machine Company, Inc., Orange, New Jersey.



MONROE

**Machines for Calculating,
Adding, Bookkeeping
and Checkwriting**

NATIONAL PROSPECT—Cont.

000,000 to finance their activities. On the basis of these estimates the public debt on June 30, 1943 will amount to \$134,800,000,000. The estimated deficit in the fiscal year beginning July 1, 1943, without taking into consideration any additional budgetary revenues from new taxation, will amount to \$71,000,000,000. The Treasury will also be required to raise \$4,700,000,000 for the governmental corporations. The estimated increase in the public debt for the fiscal year beginning July 1, 1943, based on these estimates, will thus be \$75,700,000,000 and leave a public debt on June 30, 1944 of \$210,500,000,000.

The proposed increase in the debt limit is the amount considered necessary to meet the present and anticipated requirements of the financial program through the next fiscal year.

Savings Bond sales

The Commerce Department's study of the distribution of Treasury interest-bearing securities leads it to conclude that, "unless the forced-savings features of existing revenue legislation are expanded, or unless new impetus can be given to the Treasury's voluntary-savings drive, large blocks of government securities must be taken by the commercial banking system, thus adding further to the already large growth of bank deposits."

Bankers should note the inclusion in the new debt limit bills (S. 566, HR 1470 & HR 1780) of features relating to redemption of Savings Bonds.

Because the bonds are being issued in tremendous quantities, the Treasury has recommended that redemption procedures be simplified to facilitate the handling of the volume of redemptions that will ultimately occur, either before or at the maturity of such bonds.

Under existing administrative practices, the Treasury found, checks and safeguards employed were becoming more costly to administer, and changes in the procedure were desirable from an economy standpoint and to avoid congestion and delay. Accordingly, these provisions authorize the Secretary of the Treasury to utilize incorporated banks and trust companies in connection with redemption of United States Savings Bonds.

An additional provision permits use of the Government "losses in shipment" fund for the replacement of any losses from payments made in connection with the redemption of United States Sav-

BANKING

ings Bonds. This enables the Treasury to clear administrative accounts; to relieve accountable officers of liability for losses for which they would not be responsible; and, without undue delay, to make payments to persons who may be entitled thereto.

This relief may be afforded to the Treasurer of the United States, the Post Office Department, the postal service, Federal Reserve banks, and incorporated banks and trust companies for losses incurred in making payments in connection with the redemption of Savings Bonds.

Washington, friend of business



Washington continues its efforts to make things easier for the contractor and subcontractor, and is giving thought to the financial and economic problems which the end of the war will bring to such businesses.

To speed up renegotiation, the four procurement agencies issued a joint directive by which the renegotiation powers of each are delegated to each of the three others. Over-all review of the war profits of a contractor or subcontractor is handled by the department having the predominant monetary interest although the contractor is doing business for two or more departments. The secretary of the department handling the renegotiation is now empowered to conclude an agreement with a contractor and sign it on behalf of the other departments with which the contractor may have business, such signature being binding on the other departments.

"No contractor or subcontractor," the directive states, "shall be required to inquire into the validity or regularity of any assignment . . . and the signature of one of the undersigned secretaries, or of the proper individual or agency within the Department with which the renegotiation has been conducted, shall be conclusive evidence of his authority to execute the final or other agreements resulting therefrom in behalf of all the undersigned secretaries."

April 1943

★ CANADA
AT WAR

FIGHTING AIRCRAFT

Under the stimulus of war Canada's aircraft industry has attained impressive size. Workers have increased from 1,000 to 83,000 and production has jumped from a mere 40 planes a year to several hundred a month. Canada now produces four types of trainer, giant Catalina Amphibians, four-engined Lancaster Bombers, "Hell Diver" Dive Bombers, Noorduyt Transports and the sensational twin-engined Mosquito Bomber.

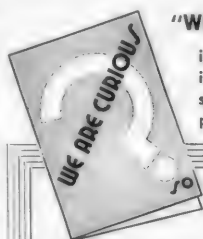
All the planes required for the British Empire Air Training Plan are now produced in Canada. In the next 18 months the Dominion's plane production will have a value of about \$1,000,000,000.

THE ROYAL BANK OF CANADA

Head Office - Montreal

New York Agency - 68 William Street

(This advertisement is published in the belief that our American Neighbours will be interested in the facts presented. More detailed information is available on request to The Wartime Information Board, Ottawa, Canada.)



"WE ARE CURIOUS"

is a questionnaire placed in Roosevelt rooms. Responses enable us to improve our service.

"I like the Roosevelt for its friendly services without any pretentiousness —"

is the answer we get most often

ROOMS WITH BATH FROM \$4.50

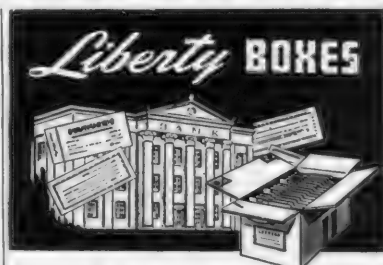
25% Reduction on Room Rates to Members of the Armed Forces.

HOTEL ROOSEVELT

MADISON AVE. AT 45th ST., NEW YORK

BERNAM G. HINES, Managing Director

Direct Entrance from Grand Central Terminal



The NATIONAL STANDARD for efficient bank record storage

Since 1918 Liberty Boxes have become a byword wherever records are stored. Today thousands of concerns in all lines of business standardize on Liberties. Regardless of this we have never lost sight of the fact that Liberty Boxes were originally designed for banks. Constant consideration of bank use keeps Liberties nationally accepted as the standard for safe, efficient, economical record storage in banks throughout the United States.

23 Stock Sizes for every Bank use.

Used by such banks as Harris Trust and Savings Bank, Chicago; Commonwealth Bank, Detroit; and First Wisconsin National Bank, Milwaukee.

BANK EXECUTIVES

Write for copy of our Manual of Record Storage Practice and complete details about Liberty Boxes.

BANKERS BOX COMPANY

(Established 1918)

336 S. CLARK STREET • CHICAGO, ILL.

Regulation V appears to be running smoothly. There is some discussion of applying its principle more broadly during the war and particularly to the problem of post-war readjustment. (See "Regulation V's First Birthday," on page 42.)

Senator Murray's small-business committee devoted two February sessions to this subject. These sessions, Senator James M. Mead of the committee later announced, "... emphasized the urgency of adopting legislation without delay to meet the capital and credit needs of small business. Such legislation

would contribute both to the war effort and to our post-war prosperity. The committee plans to go to work on this problem immediately."

A witness, W. L. Stoddard of the New England Industrial Development Corporation, representing himself and A. Lincoln Filene, urged that the Government "guarantee carefully planned capital investments in small industry, just as it guarantees war loans to small industry." As a result, private capital would "come out of hiding and go into action." No new system of government banks or government financing agency

is needed to make such a guaranty work, the witness testified.

Mr. Stoddard told the committee that Regulation V operates to mobilize credit through already existing banking agencies, and that a government guaranty of capital investments could be put into effect through existing financing institutions and such organizations as the New England Industrial Development Corporation without creating a new Federal agency.

Walter Mitchell of Dun and Bradstreet, Inc., another witness, proposed post-war reconversion loans for small manufacturers. Post-war loans, said Mr. Mitchell, could be administered by the Federal Reserve Board in the same manner as Regulation V, utilizing existing commercial banking institutions in the manufacturer's own locality. Mr. Mitchell added:

"It is our belief that such a loan plan would be of value to the Government as well as to business. In the first place, it might help in the collection of corporate income taxes. The manufacturer who wished to show correctly the amount of working capital tied up in his war order would be likely to discourage his comptroller from hiding too much of his profit by devaluation of inventory, an accounting practice which is said to be relatively prevalent."

Friends of the small businessman on the House side continue active. At WPB the Smaller War Plans Division and the SWP Corporation have been spurred to new exertions since the appointment of Colonel Robert Johnson as their new head. The procurement agencies, also, are once more recorded as having the small manufacturer constantly in mind.

There are other indications of Government sympathy for the businessman, some cynics say as a result of the elec-

Take these steps to make store properties yield more revenue

Plan to remodel with Pittco Store Fronts, either now, if you can comply with federal regulations, or later, when building restrictions are lifted. And write us for free book and complete information. Remember that any store is a better store if it has a Pittco Front... whether it's a bank property or owned by one of your customers. Pittsburgh Plate Glass Company, 2232-3 Grant Bldg., Pittsburgh, Pennsylvania.

PITTSBURGH PLATE GLASS COMPANY

"PITTSBURGH" stands for Quality Glass and Paint

PITTCO
store fronts

GEARED TO WARTIME NEEDS

FULTON CORRESPONDENT SERVICE

FULTON NATIONAL
ATLANTA *Bank* GEORGIA

"Money? Why, I understood that a coupon was good for a pair of shoes."



CONSOLIDATED NEWS FEATURES
BANKING

tions. Apart from OPA's efforts to salve the irritations which developed during the Henderson administration, we note particularly the Bureau of the Budget's decision to cut down on government questionnaires. The announcement was widely hailed in business circles. One large oil company reported to its stockholders in February that the Government has been issuing voluminous questionnaires "that are rarely scanned and seldom briefed, and which for the most part demonstrate things already admitted. A fair estimate of the direct and indirect cost of this to the company is between 8 per cent and 10 per cent of its net earnings. The cost in money is, however, insignificant as compared with the injury that is done by the diversion of manpower and the confusion of thinking which results from too much concentration upon unrelated and inconsequential details."

50,000 enemy patents at work—for us

Approximately 50,000 patents formerly owned by residents of enemy and enemy-occupied countries are now available for use by American industry.

Leo T. Crowley, the Alien Property Custodian, through whose office the Government holds and licenses these patents, says that they cover "inventions in every field of applied science" and that they will have "high usefulness as a means toward winning the war and as a contribution toward rebuilding our peace-time economy."

Mr. Crowley's office has prepared a booklet, "Patents at Work," which outlines the policies adopted by his office for the administration of these patent holdings. It also tells the American business man how he can get licenses to use them.

The inventions represented in the

British Foreign Secretary Anthony Eden in Washington for conferences with the President and other United States and United Nations leaders



WEEKS ASSOCIATION

Government's holdings include "some of the finest foreign research achievements in modern science, particularly in the production of dyestuffs, plastics, pharmaceuticals, and electrical goods." Others relate to synthetic shellac manufacture, waterproofing of cloth, quick freezing of fruit juices, improved magnetic alloys and rayon manufacturing processes.

"Here," says the booklet, "are many patents covering processes which have given the Axis nations the ability to carry on mechanized warfare for years while cut off from sufficient supplies of basic raw materials, from petroleum,

rubber, certain non-ferrous and alloy metals, sugar, cotton and wool.

"Already, enterprising Americans have received licenses from the Alien Property Custodian and put to work patents formerly owned by the enemy. Such licenses relate to chemical warfare, mining machinery, hydraulic presses to stretch metal airplane parts, the production of sulphur from 'sour gas' from oil wells, hoisting cranes, automatic textile-winding machinery, the manufacture of acetylene from natural gas, food processing, rust and corrosion inhibitors, the manufacture of phenol, and many other products and processes. We have now



WAR-TIME BANKING SERVICE

—geared to the requirements
of Correspondent Banks
in facilitating all-out
war production

BANKERS TRUST COMPANY

NEW YORK



Member of the Federal Deposit Insurance Corporation

THE NEW YORK TRUST COMPANY

Capital Funds . \$37,500,000



Member of the Federal Deposit Insurance Corporation

100 BROADWAY

MADISON AVENUE
AND 40TH STREET

TEN
ROCKEFELLER
PLAZA

★
BUY
WAR
BONDS



Under the Old Republic Plan
insurance on personal loans
gives economical protection
to both lender and borrower.



*The largest independent
company exclusively insuring
the lives of borrowers.*

309 W. Jackson Chicago

better goods than before; critical materials have been saved and manpower spared."

The Alien Property Custodian and American business assume "huge responsibilities" for the wise use of these patents, the pamphlet continues. The APC office, for its part, pledges:

"First, that the patents directly controlled by this agency will be available readily and immediately to serve all American industry, and that active use of the store of technical knowledge which these patents represent will be fostered; second, . . . that we shall encourage further research on these inventions for the lasting benefit of American industry, American labor, and the consuming public; and third, we shall take all steps within our power to make certain that vested enemy patents are made forever available to American industry."

Civilian supply in 1943

In 1943 civilian purchases of commodities per capita will be only 80 per cent of the 1941 volume, the Commerce Department estimates. Including services with commodities, the figure becomes 88 per cent. Although supplies are the smallest since 1939, rationing is making for equitable distribution.

The reduced supply of goods other than foods is due in part to the discontinuance of production for civilian use of many durable items. In this category are razors, sewing machines, portable electric lamps and shades, oil burners, portable typewriters, radio receiving sets and phonographs, bicycles, watches, washing machines, refrigerators and vacuum cleaners.

Mrs. Philip L. Crowlie, of Huron, S. D., helps OPA lawyers and theorists write rationing regulations intelligible to a housewife



HARRIS & EWING

★ ★ ★ ★ ★
NASHVILLE
A KEY CITY IN THE
CENTRAL SOUTH

Bankers and Industrialists

We have had broad experience in financing Government contracts and invite an opportunity to participate in the financing of firms and industries having war contracts or sub-contracts.

*A Key Bank in the Central
South with resources over
One Hundred Million Dollars*

THE **AMERICAN
NATIONAL
BANK**
Member Federal Deposit
Insurance Corporation



Reasons Why BANK DIRECTORY USERS are changing to



THE PURPLE BOOK

GREATER UTILITY
PROGRESSIVENESS
SUPERIOR ACCESSIBILITY
ACCURACY OF INFORMATION

Issued in MARCH and SEPTEMBER



R. L. POLK & CO.

PUBLISHERS

ESTABLISHED 1870

431 Howard St., Detroit, Mich.



Wherever records are
kept or money is handled,
there is need for some
product of

The National Cash
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DAYTON, OHIO



We proudly fly the Army-Navy "E" with two stars
for "unceasing excellence" in the production
of precision instruments and other war matériel.

*Sales, service, repairs and supplies, and a limited number of new and a large stock
of used Nationals are available at our 344 offices in United States and Canada*

Your Reading

If you want any of the books mentioned on this page, send your check for the published price to **BANKING**, 22 East 40th Street, New York City. Your order will be filled promptly.

Accounts Receivable

ACCOUNTS RECEIVABLE FINANCING. By *Raymond J. Saulnier* and *Neil H. Jacoby*. National Bureau of Economic Research. 155 pp. \$2.

BANKERS were important sources of information for this first complete description of a type of financing in which banks are taking an increased interest. It is estimated, we are told, that "one out of every four commercial banks is now engaged in receivables financing" and that they advanced nearly half of the more than two and a half billion dollar volume recorded in 1941.

Professors Saulnier and Jacoby find that the increasing use of receivables financing by business "is the more notable in that it has occurred without any organized encouragement from public or private agencies, while trade acceptance financing, which did have assistance and encouragement, has failed to assume important proportions."

The study deals with the financing of open as contrasted with instalment receivables, and is concerned with receivables financing "undertaken on its own merits as contrasted with assignments of receivables taken as additional security for an advance of funds. . . ." The authors cover credit standards and appraisal techniques, types of business financed and cost of funds. They describe separately the three agencies in the business: factors, commercial finance companies and commercial banks.

The two general arrangements in accounts receivable financing—"factoring and non-notification financing"—are thoroughly covered in this book. Officers of nearly 300 banks helped materially with their answers to questionnaires, and many officers aided the authors by providing special information.

Better Banking

NABAC MANUAL. National Association of Bank Auditors and Comp-trollers. 320 pp. \$2.50.

COMPILED and published "in the interest of better banking," this volume

is a source of information on accounting problems and practices of banks. Many individuals and groups had part in its production. The editor is *Burton P. Allen*, president, The First National Bank, Wabash, Indiana.

Part 1 is concerned with bank accounting and operations, Part 2 with bank auditing. Together they provide banks, particularly smaller ones for which the book was primarily designed, with an authoritative reference work that should help improve accounting, auditing and operating standards. Forms are liberally used to illustrate the text.

Credit's Story

THE ROMANCE OF CREDIT. By *Jesse Rainsford Sprague*. D. Appleton-Century. 247 pp. \$2.

WRITTEN in the hope that it "may be of some assistance to young men who are entering the credit profession, and, even, perhaps to some of the veterans," this little book seems to realize its author's purpose. With the aid of anecdote and comment, it sets forth in alternate chapters the problems of the credit seeker and the credit dispenser. It also has something to say about instalment credit and about "credit termites and camp followers." Eminently readable, the book puts life into a subject that can be very prosaic. Mr. Sprague really finds "the romance of credit."

Other Books

THE BRITISH WAR ECONOMY. By *Mary E. Murphy*. Professional and Technical Press, New York. 403 pp.

\$2.50. This book, by a member of the Hunter College faculty, covers the period from September 1939 to January 1943. It studies the successive measures taken by Britain in her mobilization for total war, and also considers the coming transition back to a peacetime economy.

THE INTERNATIONAL ECONOMY. By *John Parke Young*. Ronald Press. 714 pp. \$4.50. This book aims at presenting "a balance between history, principles, procedures and policies" in international trade. There are sections on the tools and procedures of world trade, international economic policies and international finance. The author is professor of economics at Occidental College.

WORLD ECONOMIC SURVEY. 1941-42. *League of Nations.* Columbia University Press. 198 pp. \$2.50. Here is the League's 10th survey, covering developments from the Summer of 1941 to the Autumn of 1942 and describing the economic war efforts of the belligerents and economic aftermaths of the war's extension.

FOREIGN TRADE PRINCIPLES AND PRACTICES. By *Grover G. Huebner* and *Roland L. Kramer*. Appleton-Century. 554 pp. \$4. A revised edition of a text by two professors at the Wharton School of Finance and Commerce.

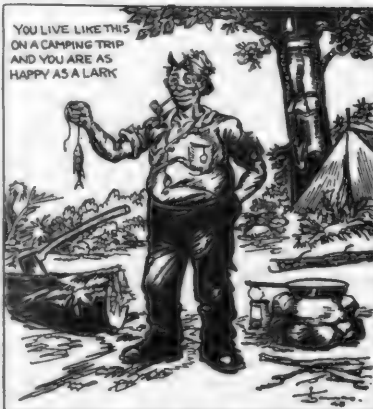
FEDERAL TAXES ON CORPORATIONS: TAX DETERMINATION AND RETURNS. 1942-43. By *Robert H. Montgomery*. Ronald Press. 981 pp. \$7.50.

FEDERAL TAXES ON CORPORATIONS: GROSS INCOME AND DEDUCTIONS. 1942-43. By *Robert H. Montgomery*. 1056 pp. \$7.50.

The latter of these two companion volumes deals with taxable and exempt income of corporations, allowable deductions and determination of net subject to tax. The former is concerned with computation of income, excess profits and other Federal taxes on corporations; also with credits claimable and methods of collection and payments.

BANKING AND FINANCE IN CHINA. By *Frank M. Tamagna*. Institute of Pacific Relations. 375 pp. \$4. Dr. Tamagna, foreign economist of the Federal Reserve Bank of New York, has provided a study of the organization and development of banking in modern China.

Rations



THOMAS, ASSOCIATED NEWSPAPERS

On this, our 75th Birthday

BUSINESS REPORT FOR 1942

(In accordance with the Annual Statement as of December 31, 1942, filed with the various State Insurance Departments in the United States.)

OBLIGATIONS TO POLICYHOLDERS, BENEFICIARIES, AND OTHERS

Policy Reserves Required by Law	\$5,188,714,637.87
This amount, together with future premiums and interest, is required to assure payment of all future policy benefits.	
Reserved for Future Payments Under Supplementary Contracts	189,169,000.07
Policy proceeds from death claims, matured endowments and other payments left with the Company.	
Dividends Left with the Company	30,301,837.94
Policy Claims Currently Outstanding	30,307,563.89
Other Policy Obligations	18,993,606.98
Taxes Due or Accrued	17,542,243.00
Miscellaneous Liabilities	18,083,549.37
Reserve for Mortgage Loans	17,000,000.00
To provide against possible depreciation in value of such loans.	
Reserved for Dividends to Policyholders	102,733,947.00
Set aside for payment in 1943 to those policyholders eligible to receive them.	
TOTAL OBLIGATIONS	\$5,612,846,386.12

ASSETS WHICH ASSURE FULFILLMENT OF OBLIGATIONS

National Government Securities	\$1,772,834,288.52
U. S. Government, \$1,640,023,863.53; Canadian Government, \$132,810,424.99.	
Other Bonds	2,034,305,897.93
U. S. State and Municipal, \$86,482,597.79; Canadian Provincial and Municipal, \$92,268,974.32; Railroad, \$527,015,597.35; Public Utilities, \$818,347,218.79; Industrial and Miscellaneous, \$510,191,509.68.	
Stocks	81,805,186.00
All but \$320,750.00 are Preferred or Guaranteed.	
First Mortgage Loans on Real Estate	952,431,702.03
Farms, \$89,380,287.45; Other Property, \$863,051,414.58.	
Loans on Policies	453,940,104.42
Real Estate Owned	383,026,409.36
Includes \$124,250,661.21 Housing Projects and real estate for Company use, and \$71,670,999.49 real estate under contract of sale.	
Cash	158,765,194.49
Premiums, Deferred and in Course of Collection, net	95,913,691.33
Interest and Rents Due and Accrued, etc.	61,893,102.50
TOTAL ASSETS TO MEET OBLIGATIONS	\$5,994,915,576.58

SURPLUS FUNDS \$382,069,190.46

The Company holds total assets which exceed the total of its obligations by \$382,069,190.46, for the purpose of giving added assurance that all benefits to policyholders and beneficiaries will be paid in full as they fall due. This amount is composed of

Special Surplus Funds	\$12,300,000.00
Unassigned Funds (Surplus)	\$369,769,190.46

and serves as a margin of safety against possible unfavorable experience, whether due to war or other conditions.

NOTE:—Assets carried at \$271,804,055.40 in the above statement are deposited with various public officials under requirements of law or regulatory authority. Canadian business embraced in this statement is reported on the basis of par of exchange. In the Annual Statement filed with the Massachusetts Insurance Department, Policy Reserves required by Law are \$5,188,802,875.87, and Miscellaneous Liabilities are \$17,995,311.37.

HIGHLIGHTS OF 1942 OPERATIONS

Life Insurance in Force, End of 1942	\$26,867,676,154.00
Paid-for Life Insurance Issued During 1942	2,051,013,903.00
Amount Paid to Policyholders During 1942	533,624,637.04

IN THE 75 YEARS since Metropolitan was founded on March 24, 1868, we have seen America face crises of many kinds, and from each crisis emerge stronger than ever. We confidently believe that America will do just that again—that the best years of our history lie before us.

We are determined to do everything in our power to help make that future bright . . . to make sure that the promises in each life insurance policy are fulfilled . . . and to do our utmost to keep wisely invested the six billion dollars which we hold for the

benefit of our thirty million policyholders.

Our report on how we are striving to do these things assumes a greater importance than ever before, coming as it does in the midst of America's struggle for existence.

Your Metropolitan life insurance dollars are helping to safeguard American lives and liberties. At the end of 1942, Metropolitan had a total of more than \$1,640,000,000 invested in United States Government Bonds. In addition, nearly \$133,000,000 was invested in Canadian Government Bonds. These dollars are help-

ing to buy the materials needed for victory.

On the production front, your life insurance dollars are helping to finance the industries that are pouring out the sinews of war.

In fulfilling its obligations to its policyholders during 1942, Metropolitan paid or credited to policyholders and their beneficiaries more than \$533,000,000.00.

Metropolitan is a mutual company. Its assets are held for the benefit of its policyholders and their beneficiaries.

75th ANNIVERSARY 1868-1943

Metropolitan Life Insurance Company

(A MUTUAL COMPANY)

Frederick H. Ecker, CHAIRMAN OF THE BOARD Leroy A. Lincoln, PRESIDENT

1 MADISON AVENUE, NEW YORK, N. Y.



The \$64 Question!

WHAT

- helps the war effort?
- attracts new depositors?
- makes money for your bank?



Answer:

Todd Special Checking Account Services. They save workers' time, gasoline and tires in paying bills; provide all the features war-busy people want in a checking account at a price that is fair to them and profitable to the bank.

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THE TODD COMPANY, INC., ROCHESTER, NEW YORK

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ROCHESTER NEW YORK
OFFICES IN ALL PRINCIPAL CITIES

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

APRIL 1943

Dramatic Victory Fund Arithmetic

ALBERT W. ATWOOD

MR. ATWOOD, an experienced, competent reporter and observer of national events, has long been a contributor to BANKING. Formerly on the staff of *The Saturday Evening Post*, he has more recently done extensive writing for the *National Geographic Magazine* in Washington.

THE sheer, incredible drama of total war rushes upon us at such a pace and is so beyond the bounds of previous imagination that financial details are easily brushed aside or overlooked as of minor importance. Yet the financing of the war is a tremendous story in itself; President Roosevelt in his recent budget message said that "some persons may believe that such a program is fantastic."

Well, if the program of \$100 billion for the coming fiscal year is fantastic, then the financing of it must be fantastic also. The President said, "My reply is that this program is feasible."

Certainly what he had in mind, the training, equipment and moving of vast armies, is actually being done, and what is more the money is not only being spent, it is being raised, and in both cases it is passing through the channels of the banking system. "Fantastic" or not, it is part of the daily routine of banking.

The total public debt passed the \$100 billion mark

last November for the first time in history; it will be about \$135 billion on June 30 of this year and probably \$210 billion on June 30 of next year. It is common practice for people to say that they cannot visualize these figures, that such totals are too huge to carry any real meaning to the mind, that they are mere abstractions, and that they are "fantastic."

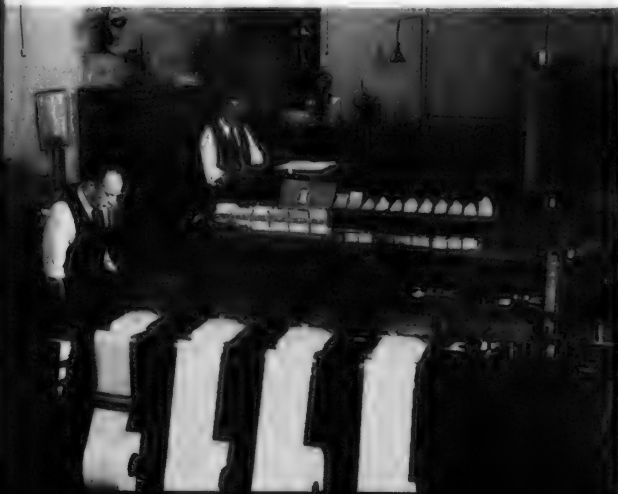
But it does no good to wring one's hands over the size of the figures, to say that they are mere abstractions. For they are actual realities and we have to accept them as such. A prominent English intellectual once remarked that she had decided to accept the universe, and the comment of a friend was, "Egad, she'd better!"

"NATURALLY, like every other thinking American, I am thoroughly alarmed at the size of the debt that is piling up," said Secretary of the Navy Knox at a recent House Appropriations Committee hearing just after he had asked for many additional billions. "Also that consciousness is associated in my mind with the knowledge that you cannot stop this war and you cannot impair your effectiveness in the war just because it is going to cost money. We had better spend every damn cent and lick our enemies than not to spend it and be licked by them."

The mechanics of issuing the enormous total of Treasury checks requires the service of many people and many machines. Below, left, is Treasury apparatus that makes up payrolls, turning out as many as four duplicate rec-

ords besides printing the checks. Right, another step in the process whereby the Treasurer of the United States pays to the order of somebody, through the facilities of the Reserve banks and the commercial banks

HARRIS & EWING PHOTO



It is useless, I repeat, it is ostrich-like, to say that we cannot visualize or understand the meaning of \$100 billion. We have got to visualize it, we have got to understand it.

And by that I do not refer merely to the making of neat, graphic comparisons, harmless and entertaining as these are. We can, if we so desire, compare the present big figures with the cost of all previous wars or all previous government expenditures or with many other big things.

BANKING, for example, devoted two pages in its December issue to picturing in graphic form how much \$100 billion is; one illustration showed that you could reach 6,116 miles in the air if you piled one dollar bills, in the regular packages, on top of one another.

Such pictures have their value and interest, journalistically speaking. But regardless of how far a pile of dollar bills stretches toward the moon it does not go to the heart of the matter. We find the true meaning of a war budget of \$100 billion or a national debt of \$200 or \$300 billion only in the fact of total war participated in by the entire people, and in the further fact that the total economy is dovetailed therein.

It may be hard to visualize a war program of \$100 billion but the effects on civilian living are clear enough. The skeptic asks how it is possible to raise the incredible sums required to meet the budget. The answer is that *we pay for the war by living on only half the national product.*

We have an enormously increased annual income and an enormously decreased supply of civilian goods. Goods of all kinds are increasingly diverted to the Government for the equipment or supply of the armed forces or for Lend-Lease. Thus the money that consumers would normally spend becomes available for savings and investment.

It is estimated that war expenditures in the fiscal year 1918 were less than a quarter of the national production, but will be nearly a half this year. If in 1944 it becomes necessary to devote two-thirds of our national product to war we can make payment financially, provided it is possible to live in Spartan fashion on the remaining one-third.

Already rationing is taking hold and it will probably go much further. Countless items cannot be purchased

The Treasury's \$13 billion Victory Fund borrowing in April includes: A 26-year 2½ per cent tap issue available to banks after 10 years; a tap issue of 2 per cent bonds maturing September 15, 1952, available to banks to the extent of \$2 billion; one-year certificates of indebtedness, \$2 billion being available to banks; also tax notes, War Bonds, and Treasury bills. Throughout the country bankers and other Fund workers have organized for the drive. The group at the right, comprising bankers and Fund officials from Louisville, Cincinnati, Cleveland and numerous Kentucky towns, is typical of the nationwide effort. These workers met at Lexington to complete their campaign plans.

at all, thousands of different styles and varieties are being standardized and simplified down to a relatively few, and the purchase of others is being cut down by rationing to a bedrock minimum. We are all getting used to doing without an enormous number of things.

In other words the American people are being slowly but surely squeezed by a powerful vice into enforced personal frugality. A recent issue of the Federal Reserve *Bulletin* estimated that the amount of spendable funds in excess of taxes this year may total as much as \$95 billion, while the volume of goods available for purchase may be \$65 billion or much less, leaving \$30 billion or more of unused funds.

Presumably the primary purpose of rationing is the equitable distribution of a reduced amount of goods, to assure rich and poor alike enough to eat and wear. But it is also a powerful instrument of war finance. It is really compulsory saving, capable of operating on a vast scale. For what we cannot spend we must save, or hoard.

BUT while rationing paves the way for borrowing, it does not automatically raise the money. To reach the available savings by persuading enough people to purchase government securities in sufficient volume is still an immediate and incredibly vast problem of education and organization.

Last December the Victory Fund Drive, which set \$9 billion as its goal and reached \$12,937 billion, turned up the largest total ever reached in any country during a like period of time, and almost doubled the previous record of the fourth Liberty Loan in 1918. Moreover, 60 per cent came from investors other than commercial banks.

The facts that about 50 million people have bought War Savings Stamps and Bonds, largely through the efforts of 300,000 volunteers, and that substantially 30 million workers, employed by 170,000 firms and corporations, are buying Savings Bonds through payroll deduction plans, show how deeply the Government is cutting into current savings for war financing purposes.

It is estimated that investors other than commercial banks, Federal Reserve banks and government agencies and trust funds added about \$22 billion to their holdings of government securities in 1942 compared with only \$7 billion in 1941. The world never saw anything like this.



William M. Robins, president of General Foods Sales Company, heads the new War Finance Committee which directs all sales programs for government securities



Yet everyone is agreed that the April campaign must cut even more broadly and deeply into the great mass of individual savings throughout the country. For while war financing may not be as essential at the moment as piloting a bomber or firing a gun, its proper handling may avert disaster later on, and there is universal agreement that to raise the money in a non-inflationary manner out of current income and savings is of the first order of importance.

It is necessary in these colossal loan campaigns to reach not only those to whom financial problems are an old story but scores of millions of those to whom they are utterly new. You do not go to a young married woman newly placed on the bomber assembly line in a blazing mile-long three-weeks-old plant in a munitions center suddenly sprung from the mid-western prairie, and say, "I have a bond here that just suits you."

True, it is necessary to offer the entire "market basket" of Treasury securities to reach all classes of investors, including the increasingly important pension funds, private and public, labor organizations, trusts, estates and the like, educational, religious and endowed institutions, fraternal and social organizations, corporations, firms and partnerships, governments and their agencies, such as states, counties, municipalities and school districts, mutual savings banks, insurance companies, building and loan associations, and banks, from the smallest to the largest.

Fortunately it is possible to tap large sums of uninvested depreciation and depletion reserves, and also vast sums released to all classes of business enterprises by diminishing inventories and the postponement of capital expenditures. There are cases of this kind in every community.

Thus we have a firm financial foundation, a rational financial basis, for these stupendous loan operations. But of course the job is far more than a technical investment selling one.

It is necessary to reach outside the great financial centers into every nook and cranny of the land, to employ in addition to financial and patriotic appeal, donated advertising and half a million volunteers, every form of mass selling device known to those who in the past have sold such articles as automobiles, silk stockings, food, chain store products, and admissions to movie theatres.

These campaigns must become mass movements, al-

most crusades. When President Roosevelt said that the \$100 billion war program was not fantastic but feasible, he wisely added that it would become so only by a complete recognition of the necessities of total war by all, "management, labor, farmers, consumers and public servants."

In the same way the loan campaigns are developing into a series of tests not only of the Treasury's ability to organize, of the patriotism of the banking and investment banking fraternity, and of almost every class of commercial corporation, but of the people at large. As one bank has said:

"It is a test of the sense of obligation of the American people and of the willingness of millions of individual men and women at home to make some contribution and sacrifice to the cause being upheld so valiantly on the fighting fronts."

Bankers do not need to be told that the huge sums which must be raised in this way are not poured down a drain, nor are they concentrated in Washington and New York, nor are they taken out of the banking system itself, except temporarily, or except as actual currency is withdrawn from the banks for the use of the public.

The Government's intake, secured through taxes and the sale of securities, and its outgo, for war contracts, are simply two sides of the same operation.

For sake of convenience I have discussed the intake first, and will shortly take up the outgo. It might be more logical to follow the other sequence. That, however, is not important; what matters is that both pass through the banking system, and for all practical purposes remain therein.

In other words the money is raised everywhere and it is spent everywhere. To prove this statement in a brief, clear-cut manner is not easy, for naturally all the itemized, detailed war expenditures of the government are neither available nor are they capable of summary if they were. But known facts are sufficient to suggest the almost astronomical spread of the outlay.

In North Africa the Medical Department of the Army alone had to have 60,000 different items. In one of 13 Army Ordnance districts last June 12,000 prime and 70,000 sub-contracts had been let. A government agency recently announced that 252 corporations have war contracts for more than \$67 billion, and it is presumed that most of these have let sub-contracts, in some cases to hundreds if not thousands of different firms.

The mechanism by which the Government collects on the one hand and disburses on the other hand these billions, fantastically large if you wish, is practically unknown to the public. In its technical details it is highly intricate, but in its main outlines it is simple enough. Three agencies, the Treasurer of the United States, the Federal Reserve banks and the commercial banks play the main part.

Proceeds of taxes imposed and bonds sold find their way directly into thousands of commercial banks known as depositaries of the Treasury, and are there credited to the Treasurer of the United States.

Then disbursing officers for government agencies, or finance officers, as they are known in the Army and Navy,

(CONTINUED ON PAGE 71)

A Simple Pay Deduction Process

FREDERICK W. HETZEL

Mr. HETZEL, assistant vice-president of The Trust Company of New Jersey, Jersey City, here describes a checkbook originated by him and used by his bank, which permits a depositor to segregate salary deductions withheld from employees for Victory Tax or other purposes.

UNLESS bankers adopt some means of prevention, thousands of additional, unnecessary accounts will be opened by depositors for the purpose of segregating the salary deductions which they must withhold from their employees and periodically remit to the Government.

Because of the similarity of the identification for these secondary accounts to that of the primary account, there is likely to be some confusion through misposts. This would be true in normal times with well trained personnel. It is likely to be accentuated with present day inexperienced clerks.

To this contingency add the possibility of the depositors' themselves confusing their own accounts and it can be appreciated that this type of account is likely to increase a bank's burden to a greater extent than would otherwise be expected from the mere increase in their number. To minimize this, The Trust Company of New Jersey is making available a checkbook designed for the purpose of making it possible for a depositor to segregate funds held in trust without the necessity of his opening a separate account for that purpose.

It is only a simple idea but, inasmuch as it may be the means of avoiding some otherwise unnecessary work for a bank, other institutions may be interested in adopting this or some similar plan. It has been designed so that it will be attractive in appearance and economical to produce. We are able to sell the books at \$1.25 each and retrieve our costs. The checks fit a cover in the same manner as fillers fit the cover of a small folding pocket checkbook. When refills are needed they will be supplied at 65 cents, including the customer's imprint on the check. A filler should last for over five years and will, therefore, prove to be a very economical record for the depositor. As these checks are being imprinted with the depositor's name, the name of the payee such as "Collector of Internal Revenue" is also inserted.

WHILE the reason for producing these books was primarily to reduce our own work, they must, of course, be of distinct benefit to the depositor if we are to expect them to be used.

The printed instructions accompanying the book suggests to the depositor some of these advantages. In addition, he would also eliminate the trouble and expense of maintaining a separate account. In fact, commingling these trust funds with his own in one account will actually help defray any service charges he might otherwise have because of the increased balances he will

(CONTINUED ON PAGE 76)

Here is the checkbook that can be used for segregating special purpose funds

DATE	MEMORANDUM RECORD OF SALARIES PAID	MEMORANDUM	SALARY DEDUCTIONS DEPOSITED
		BROUGHT FORWARD	
TOTAL DEPOSITS CARRIED FORWARD OR REMITTED BY CHECK BELOW, DATED _____			

WHEN CANCELLED CHECK IS RETURNED, PASTE IT ON THIS SPACE

THIS CHECK IN PAYMENT OF FOR PERIOD FROM	TO		No.
	JERSEY CITY, N.J.		194
	PAY TO THE ORDER OF		\$
			DOLLARS
PAYABLE IN NEW YORK CITY THROUGH NORTHERN NEW JERSEY CLEARING HOUSE			
THE TRUST COMPANY OF NEW JERSEY JERSEY AVENUE BRANCH 55-40 JERSEY CITY, N.J. 55-40			



The 48-Hour Week

WILLIAM POWERS

MR. POWERS is head of the Personnel and Customer Relations Department, American Bankers Association.

ON FEBRUARY 28, 1943, when formal regulations governing the establishment of a 48-hour week in 32 critical areas were issued by the Manpower Commission, Chairman Paul V. McNutt made it clear that the lengthened week order does not apply to farms or to persons employed by any state or any of its political subdivisions or instrumentalities, or to youth under the age of 16, or to persons who, because of other employment, household duties or physical disabilities, are not available for full-time work, or for business houses in which fewer than eight persons are employed regularly. Nor does it apply where the longer workweek would be impracticable in view of the nature of work operations or where there would be a conflict with Federal, state, or local laws limiting hours of work.

He also pointed out that regional and area directors are authorized to consider a minimum workweek of less than 48 hours when a full 48-hour week would neither increase production, release workers for other employment, nor otherwise further the war effort.

ALLOWING for these exceptions and possible adjustments, all employers—including banks—in the critical areas are expected to move immediately toward a 48-hour week and to cease hiring additional employees until the "Minimum Wartime Workweek" is in full effect throughout their organizations. In making the change-over, employers will be guided particularly by the conditions contained in paragraph (c) of Section 903.5 of the regulations which state that:

"If extension of such workweek to the Minimum Wartime Workweek would involve the release of some workers and the regional or area manpower director or designated representative has not determined and notified the employer that such workers can promptly be placed in suitable employment with other employers, the workweek shall not be extended except as authorized below. On or before April 1, 1943, the affected employer shall submit to the regional or area manpower director or the designated representative of either director a statement as to the number of workers whose release would be involved and their occupational classification, together with a proposed schedule for the timing of such releases. The regional or area manpower director or designated representative will authorize a schedule for the extension of the workweek to the Minimum . . ."

Since the promulgation of the new workweek regulations, many bankers have written to the American Bankers Association inquiring as to what was being done by banks in critical areas to meet the minimum-hour requirements. Although most of the affected banks have not yet worked out definite plans, a fair answer to the inquiry may be obtained from a brief review of the tentative plan that is being followed by several banks.

As of this writing, the banks in this midwest area

intend to establish a full 48-hour week forthwith in the departments that have sufficient extra work to keep all of the present staff members fully employed. In other departments where immediate inauguration of the long workweek would create a surplus of employees who would be idle, the banks intend to withhold the lengthening of the workweek until after March 31. On that date the banks are expected to file with the regional office of the United States Employment Service a list of the employees who would become surplus under an over-all 48-hour week. The Employment Service office is then supposed to transfer those surplus employees into other lines of activity.

HOWEVER, these banks feel sure that their surplus employees will not be taken from them, but that the Employment Service office will leave the surplus with the banks to be used up during April, May, and June as collateral dependent men are drafted from the banks into military service. In other words, the banks in that area, having now discontinued hiring, expect that the Army draft will so reduce their manpower by June that all present surplus employees will be fully assimilated and that the entire personnel will be on a 48-hour week.

At first glance, the installation of a 48-hour week appears to many of our bank officers to call for a 30 per cent over-all increase in payroll costs, but closer study of the effects indicates several offsetting savings or benefits that should be taken into consideration.

First of all, the entire bank staff will not receive overtime pay because staff members in the higher salary brackets are exempt from wage-hour provisions and have been consistently working longer weeks.

Second, many of the gaps left by higher-priced staff members who are drafted will be filled by lower-priced staff members who take up the load by working longer.

Third in those banks where local conditions have forced the hiring of rather low-grade manpower that is extremely expensive to train and even more expensive (errorwise) to maintain, there should be an expense elimination—through suspension of hiring—that would be sizable.

Fourth, with the expansion of employee remuneration through overtime payments, salary increases may be appreciably curtailed.

Fifth, the rise in earning power of present employees should strengthen personnel relations and serve to hold well-trained staff members who otherwise might be drawn out of the banks by higher rates of pay prevailing in other activities.

Sixth, good public relations will be furthered by bankers who go more than half way to meet the growing public demand that everybody in this country should be working at least 48 hours a week for victory in a war we dare not lose.

RACC—the Last Straw

Washington, D. C.

NATIONWIDE banker opposition to needless expansion or continuance of socialized credit at the taxpayer's expense has developed as a result of the revival by the Agriculture Department of the Regional Agricultural Credit Corporation early this year. That revival has presented an open and shut case where the issues are perfectly clear. Not only the banks, but the majority of the people—as demonstrated in the last election—want the Government to cease competing with private capital.

Kenneth S. Wherry, new Republican Senator from Pawnee, Nebraska, accordingly introduced a resolution calling for an investigation of the need for the RACC's revival. Hearings on this resolution were held in the small but impressive Finance Committee room by Senator Harry F. Byrd's joint "economy" committee in February, and in March the Committee issued a report calling for dissolution of the RACC. This was followed by the introduction by Senator Wherry of a bill to carry out the purposes of the report, that bill being at this writing before the Senate Banking and Currency Committee for consideration.

Not only RACC's dissolution, but some consolidation of the Government's 20 farm financial agencies could result from the situation described above. A bill based on the Committee's recommendations will very probably be offered soon by Senator Wherry.

In January the Secretary of Agriculture announced that, to help farmers increase production, from \$200,000,000 to \$225,000,000 of government funds would be made locally available to farmers, upon approval of the Department of Agriculture's county loan representative and the chairman of the county USDA War Board. For this purpose the Regional Agricultural Credit Corporation, which is under the supervision of the FCA, was revived. The RACC, created by an emergency act of 1932, had been in liquidation for several years, with the exception that in 1941 lending operations were resumed in the State of Washington. In his January announcement Secretary Wickard stated that the purpose was to increase production, adding: "This program is not a substitute for other sources of credit, nor is it intended to compete with other lenders." But most bankers did not see it that way.

On February 5 A.B.A. President W. L. Hemingway transmitted to Secretary Wickard the letter and memorandum—printed in the March issue of *BANKING*—complaining about this new form of government competition with banks in agricultural districts. The memorandum described the plan as socialized credit, at once unnecessary and inflationary. The A.B.A. also protested to the Treasury and other government departments.

At the February 17 hearing of the Congressional Joint Committee Reduction of Non-Essential Federal Ex-

penditures the revival of RACC was vigorously assailed by the A.B.A.'s witnesses, including President Hemingway. All agreed that ample credit is available to farmers for production. A. L. M. Wiggins, chairman of the Association's Committee on Federal Legislation, testified that the RACC is being "perverted from its original purpose," that the program "is unsound," is a "further drain on government funds that are vitally needed for the war effort," is "against the interest of the farmers who are really producing the nation's food supply," and will produce confusion if not havoc in the production credit field. He said a great many government-subsidized loans are made on a basis of risk and anticipated loss of capital, which is made up out of the taxpayers' money at rates of interest artificially reduced by virtue of the subsidy.

At the outset of the two-day hearings, Senator Wherry introduced for the record numerous excerpts from letters from bankers. These letters are representative of banking reaction to RACC's revival.

Here are a few typical opinions quoted by the Senator:

"We are opposed to the unfairness of the subsidized competition and we see no reason for a duplication of loaning services at a time when the country banks are able and willing to finance agriculture." F. J. Poepl, Vermillion, Minn.

"Heretofore anyone seeking a loan from the FSA office had to furnish a letter stating that the bank could not make the loan, before they would take hold. Under the RACC plan such would not be the case and they would solicit loans from everyone needing funds. This puts them in direct competition with banks." F. R. Kingsbury, Ponca, Nebraska.

"At a time when country banks are able and more than willing to fully finance agriculture, I see no sense in trying to duplicate the loaning services of these banks." A. G. Berthot, Bozeman Montana.

"These institutions offering socialized credit cost the taxpayers very much more than their worth to the farmers." Percy E. Heald, Chester, Vermont.

Senator Kenneth S. Wherry



HARRIS & EWIN
BANKING

"There certainly is no sense in trying to duplicate the loaning services of country banks at a time when banks are able and more than willing to fully finance agriculture." Fred L. Zacharias, Blue Island, Illinois.

"The above government agencies are soliciting loans of our former customers, advising them of the small interest they charge on loans, when in fact, we can finance them as cheaply as these agencies. If something is not done to relieve the small country banks, many will have to close on account of U. S. Government competition." J. T. Ross, Adamsville, Tenn.

"Banks being active in this field and able to care for all legitimate credit needs including agriculture. My interpretation of RACC proposal nothing but socialized credit destined to undermine business structure." Gurne P. Hood, Raleigh, North Carolina.

"... we do want you to know that we are behind you in your fight to eliminate government competition with private industry. You are doing a very worth-while work." O. Williamson, Grandview, Texas.

These are representative reactions of bankers in the farming communities of the East and West, North and South, as expressed in Senator Wherry's mail. The written statements were orally supported by nearly a dozen bankers who made up A.B.A.'s list of witnesses at the February hearings.

AMONG the bankers who came to the hearings, none more effectively put his finger on the crux of the matter than did Charles T. O'Neill of the National Bank and Trust Company of Charlottesville, Virginia, when he testified: "I feel sure that most of you are aware of the fact that if there is one thing in this country today against which public opinion is fast crystallizing, it is against the further expansion of unnecessary bureaus and agencies within the Federal Government. . . . If something isn't done, and done promptly, to eliminate unnecessary governmental agencies and to prevent the further encroachment by the Federal Government on our system of private, free enterprise, I predict that the public will rise up with such fury against bureaucracy that it will demand many necessary agencies be done away with, as well as those that are unnecessary." The RACC program, stated this country banker, will help almost exclusively the incapable farmer and the speculator.

President W. L. Hemingway's testimony was especially valuable in that it listed for the committee the many wartime services which the banks are cheerfully

A.B.A. Federal Legislation Chairman A. L. M. Wiggins



April 1943

rendering: contract financing, War Bond selling, ration coupon banking, the Food-for-Freedom program, and the like. To quote from the transcript of the hearings: "You can imagine our surprise as we were engaged in this program of developing the interest more widely in the country banks, to learn of the revival of the RACC. It is putting it mildly to say it threw a bombshell in our camp. The country bankers have felt they were supporting their Government in every way possible, and to them it was shocking that their Government through one department was asking them to go out and sell bonds, turn the money over to the Government, which the Government through another department was lending to their customers in competition with them. . . . We have discussed this matter with the Secretary of the Treasury and have told him that we think it will have a bad effect on the forthcoming April drive for the sale of bonds."

IN seeking to protect the banks from unnecessary government competition, the A.B.A. is championing small business, since most banks are small. Mr. Wiggins told the Byrd Committee that about 79 per cent of all banks are small banks located in rural communities. What with all the taxpayer-subsidized government lending competition in the agricultural field of activity, it is really surprising to note that last year four-fifths of all loans made for crop production were made by commercial banks. Today, Mr. Wiggins continued, there is the greatest superabundance of private funds available and "the country banks alone have available not less than \$11,000,000,000 for agricultural production loans, or more than three times the amount loaned last year for this purpose by all financial institutions, governmental or private."

Senator Walter F. George of Georgia, a member of the Joint Committee, interrupted Mr. Wiggins' testimony with this pertinent observation:

Right there, perhaps the Agricultural Department may not be aware of it, but it is a fact nevertheless that this country faces its greatest financing operations in its whole history, and it has got to take that financing down to the country banks, to the people of America, if it goes over. It is not in the remote future, it is in the immediate future; it is now. It seems to me that anything of this kind, that would weaken the private lending structure, the country banks that are in touch with the great masses of the people, would necessarily adversely affect the whole fiscal program, financing program, of the Government that is immediately ahead of us.

Mr. Wiggins explained to the committee that \$225,000,000 is not the limit of RACC's resources, because of its access to the Intermediate Credit Bank, the RFC and the Federal Reserve banks, which would permit pyramiding RACC's resources up to \$500,000,000. He further outlined the extremely broad purposes for which RACC's revival is intended, including the making of loans for farm living expenses, payment of income and property taxes, and the making of non-recourse loans. Said Mr. Wiggins of the latter type of borrower from RACC:

It is proposed to lend peoples' money to produce crops by taking a mortgage on those crops, and if the farmer, after putting in an item for his own living expenses, labor, at whatever

(CONTINUED ON PAGE 74)

Pvt. Enterprise at Home Sweet Home



The architect and engineer take the facts and the promise of the new materials we are learning about in the war, and dream them into new products and services. They call it "Imagineering"

TOMORROW'S HOME is in the test tubes of research laboratories. And they're saying wider uses of glass, improved paints, new uses for aluminum, more pre-cast concrete, new techniques in metals, laminated lumber, more factory finished units, more semi-prefabricated material, plastics and more plastics. To these will be added the industrial designer's flare for functional adaptations, and the decorator's taste in pattern and color. The home of the future will be a tribute to that hard fighting soldier, Pvt. Enterprise.



Pour some stuff in a mold, or push a button on a die press and out comes the kitchen sink with all the accoutrements of range and refrigerator, cooking counters and cupboards

WHAT WILL BE the model home of 194X? If any man can say, he is Pvt. Enterprise—designer-builder of future life in America. As we go adventuring through current building trade journals, we find industrial advertising blue-printing his visions of V-Day homes right now.

According to a recent survey, the architect and engineer have a post-war order on the spindle that will keep them glued to the drafting board for a decade of reconstruction. To meet the housing shortage we knew even before the war, they must now plan for 2,900,000 units a year for the first five years after V-Day, and 1,000,000 a year for the next five. Half will be one- and two-family residential, with 85 per cent under \$6,000. New farms, averaging \$3,000, will mean another \$20,000,000,000 market.

The success of this gigantic program will depend to a great degree, as it always has, on the co-operation of the banker.



A drop of this and a gram of that makes glass hard as steel, makes wood bend in fantastic shapes, makes alloys do tricks with metals that never before seemed remotely possible

PRODUCTION of basic materials in countless war plants will begin when the Axis gets the axe. The skill of men and machines will be rededicated to peace. All the technological advances—the "military secrets"—that have been made in the business of death and destruction, will combine to create a new lease on the better and fuller life. In the "conversion" period ahead and the expansion era beyond, the banker will be industry's silent partner. Both are planning toward the same objective now.

BANKING

BY BOB KIRKPATRICK AND JOHN McCANN



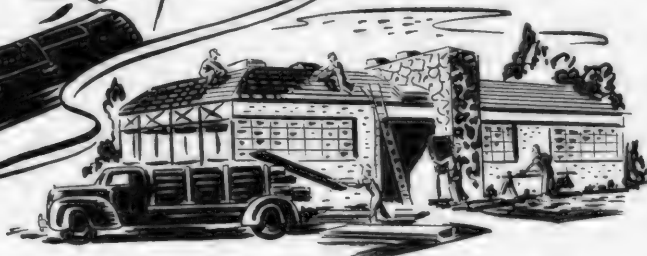
New metal alloys will replace wood in many phases of construction. They will be cheaper, more practical, more durable. They will add beauty where none existed before



Roof planks—permanent, waterproof, fireproof—will give more protection and cut costs to the bone. Add a layer of treated paper or tile to match the color scheme



MR. AND MRS. will build with a budget of less than it took to erect a good, stout, pre-war two-car garage. The "prefab" industry that can turn out a ship a day, a plane every few hours, will step up the batting average on housing beyond the wildest estimates. Conveniences will abound. There will be more rural and country homes—more planned communities. Financing will be the banker's job.



The prefab house will not be a standardized box that rolls off an assembly line. It will, according to one firm, be produced locally to meet the needs of the local market



Wallboard, hardwood flooring, insulating material, and all the other essentials that go to make up comfortable living will be supplied by firms who have learned the know-how

The Women Belong

EDWARD NORTHRUP HAY

MR. HAY, personnel officer of *The Pennsylvania Company, Philadelphia*, has written numerous articles for **BANKING**.

WAR conditions are now making it important for banks to explore every possibility of using women. In our bank, for example, women have, for the first time, entered credit analysis, audit work, security analysis and various phases of trust work.

In spite of the continual threat of the drafting of men for the Army and Navy and the more recent threat of compulsory shifting of men from non-war to war industry, bankers should not become panicky. The draft, of course, will continue to operate and to take our younger men and especially those without dependents, but much of the anxiety of losing men by compulsory transfer to war industry is unwarranted. Banks have been working hard on this problem and it is incredible that banking should ever be looked upon as a non-essential industry. Bank employees who have skills that cannot be replaced short of several years should never be compelled to transfer to war industries. This would apply particularly to men in various types of credit work and in the more specialized phases of bank operations work, trust department, securities and so on.

NEVERTHELESS, banks should expect to continue to lose men and to find it necessary to replace them, for the most part, with women. In this connection, banks should realize that they will have to compete with war industries for the services of additional women employees. Two-thirds of the available women are those over 45 years of age and mothers with children under 16. There is a smaller reservoir of young married women without children.

Banks must therefore not expect to be able to obtain their usual supply of bright and willing young girls just out of high school. In most communities the high wages offered beginners in war industries have served to absorb practically the entire supply of these youngsters. While it is true that older people learn a little more slowly than youngsters, there are ways of minimizing this problem. Tests, skilfully and discreetly used, provide one of the best means for selecting women more likely to prove suitable in clerical work.

One of the girls in our credit department began four or five years ago as a stenographer. She eventually became the secretary of one of the principal loan officers and is now taking over from him an important phase of the routine aspect of credit work. There is no doubt that she will progress steadily towards higher responsibilities. Another girl doing junior credit analysis work came to us after 15 years of other experience where she had become virtually office manager, without, however, the title or the salary. Growing discouraged she sought

employment with us, having heard of our good reputation as a place to work. After about a year as a substitute stenographer and machine transcription operator, during which time she attracted favorable notice in a number of quarters, her services were requested by one of the operating departments. Subsequently, the loss of credit analysis caused her to be drafted for that work, at which she is now making steady progress.

A vital spot in our large trust department is the security analysis division, where we had about a dozen men analyzing securities. One of these analysts, however, is a woman who has been on this work for about 10 years and is regarded as one of our ablest junior security analysts. We have taken four women into that department, and all are doing well after a little less than a year's experience. One, older than the rest, had had about 15 years' experience as a legal stenographer and law clerk and has borne considerable responsibility in an important law office. Her analytical experience in law work has proven helpful in security analysis. All these women were carefully selected in the usual way, but all made unusually good performances in the aptitude tests which *The Pennsylvania Company* has used during the past nine years. None of the girls placed on credit or security analysis has failed and all have made comparatively rapid progress in these difficult kinds of work.

Formerly we used only men in all kinds of transit work, including the sorting machines. New employees, however, have been women during the past year and our experience, like that of other banks, has been very satisfactory. We are even now using women on the twilight and midnight transit shifts. They are also being used now for the first time in audit work. We have always had women tellers.

ARE women as good as men in bank work? In some places they seem to be better and in others not so good. For example, there is evidence, not only in our bank but elsewhere, that women do more work in a given time in the routine clerical operations than men. We have no figures of actual production to prove this, but it is interesting that on the Minnesota Clerical Test, which we use, the thousands of women tested have, on the average, scored approximately 7 per cent better than men. There are, of course, exceptional men who do much better than nearly any woman can do. Perhaps this is partly due to greater strength and stamina of the average man. While again we have no actual figures, it has been our general experience that women do not make quite as good tellers as men. The reason for this is not clear but it is perhaps again a factor of physical stamina. Women are at a disadvantage where much standing is required. Perhaps the strain on busy days is

(CONTINUED ON PAGE 77)

BANKING NEWS

Association Takes Lead in Finish Fight Against Revival of RACC

Hemingway Tells Banks to "Roll Up Sleeves" for Home Front Job of Selling Victory Fund

President W. L. Hemingway has urged members of the American Bankers Association to assist their local war finance committees in selling government securities to the public during the April Victory Fund drive.

He pointed out that after every effort had been made to distribute bonds to the public, the banks would be called upon to purchase securities for their own accounts, and he suggested that each bank determine its share of this burden.

Mr. Hemingway took cognizance of the action of the Department of Agriculture in reviving the Regional Agricultural Credit Corporation as an additional government agency to compete with country banks.

"No war has ever been fought perfectly," he said. "Mistakes are made, but men in the armed services never stop fighting. So it should be with us. I think the Department of Agriculture made a mistake in reviving the RACC. Its program is both stupid and unfair. As you know, the Association is fighting this proposal. We will continue to fight to the end."

"The mistake of one department, however, cannot diminish our loyalty to our Government in time of war. Let's roll up our sleeves and do our job at home as well as our boys on ship and shore are doing theirs."

This letter was the opening gun in the A.B.A. program for the April Treasury War Bond drive. The Association's Economic Policy Commission followed it with a report on government financing, a sales manual, and advertising material.

"Because of the magnitude of the borrowing program," Mr. Hemingway wrote, "the secretary of the Treasury has decided to integrate the work of the War Savings Staff and of the Victory Fund Committee."

(Continued on page 35)

Spring Council Meeting to Hear Reports on War Program of the A.B.A.

The wartime program of the American Bankers Association will be reviewed at the annual Spring meeting of the Association's governing body, the Executive Council, scheduled for Apr. 11-14 at New York City.

Proposed revival of the RACC, the banks and war financing, ration banking, the bank manpower crisis, loans to war industries, the Food-for-Freedom program and other wartime activities in which the Association is engaging, are among the questions on the agenda of this important meeting.

The Council last met in New York early in the Fall of 1942, on dates originally set for the A.B.A. annual convention.

W. L. Hemingway, president of the Association and of the Mercantile-Commerce Bank and Trust Company, St. Louis, will preside. The Council will receive reports on the work of the A.B.A. divisions, councils, commissions and committees.

Sessions will be held at the Waldorf-Astoria.

Page 28

Read the extensive review of the farm credit fight, page 28.

A.B.A. Supports Congressmen Who Demand Liquidation of Banks' Credit Competitor

A finish fight for liquidation of the RACC by legislative action has been pledged by the American Bankers Association.

In a memorandum to member banks accompanying a printed summary of the RACC hearing before the Byrd Committee on Reduction of Non-Essential Federal Expenditures, Otis A. Thompson, chairman of the A.B.A. Agricultural Commission, said the Association was assisting Congressmen who demand liquidation of the Regional Agricultural Credit Corporation by action of Congress.

"The A.B.A. will continue in this fight to the end," Mr. Thompson said.

"Meanwhile," he added, "bankers should maintain their position in the farm credit field by getting in touch with their County War Board chairmen and making known to them the extent to which they are prepared to finance the 1943 Food-for-Freedom program."

"The Food-for-Freedom work must be vigorously pursued. The production goals must be met. The nation and its allies must be fed."

"Banks are the principal source of credit and will continue to be. As never before, it is now necessary to show farmers and farm leaders how the complete financial service of a modern country bank can help them do their job in food production and develop a sound community life."

The summary of the Byrd Committee hearings covered testimony of officers and committee members of the Association, as well as witnesses representing country banks, farmers and state agricultural departments who appeared before the committee under leadership of the A.B.A. to protest revival of the Regional Agricultural Credit Corporation. A.B.A. spokesmen branded the scheme as inflationary and unnecessary, and as a plan for socialized credit.



W. L. Hemingway

Thousands of Banks Send Farm Loan Data

A.B.A. Questionnaire Replies Tabulated

Work of tabulating data obtained in the farm credit questionnaire circulated among A.B.A. member banks started early in March at Association headquarters in New York City.

More than 8,200 replies had been received for tabulation when the task got under way.

The Association's Subcommittee on Agricultural Credit, headed by Charles T. O'Neill, vice-president, National Bank & Trust Co., Charlottesville, Va., sought from the banks data that would be useful in the fight against revival of the Regional Agricultural Credit Corporation. It was expected that data yielded by the questionnaire

(Continued on page 35)

A.B.A. Membership Clinics Are Held in Leading Cities of Several States

Texas and Wisconsin Bankers Commend Work of Association in Fighting Socialized Credit

George Heiser, chairman, and J. R. Dunkerley, secretary, of the A.B.A. Membership Committee have just completed a tour of several states in an endeavor to boost the percentage of A.B.A. memberships in those states.

In Richmond, Va., a membership clinic was conducted under the chairmanship of W. M. Goddard, vice-president of the State-Planters Bank & Trust Company. Representatives from various parts of the state and also Bank Commissioner Morgan attended.

At Charlotte, N. C., the clinic was arranged by George S. Crouch, cashier of the Union National Bank. All of the Charlotte banks were represented.

Texas Clinic

At Dallas, Tex., A.B.A. State Vice-President DeWitt Ray, vice-president of the First National Bank, Houston, not only conducted the membership clinic but also was in charge of a part of the program of the Texas Bankers Association meeting, which was attended by approximately 1,000 Texas bankers.

Preston B. Doty, president of the Texas Bankers Association, and Francis M. Law outlined the work the A.B.A. has been doing for several years in combating the encroachment of government agencies and, particularly, socialized credit.

The Texas Bankers Association then went on record as heartily endorsing the work the A.B.A. has been and is doing in this field.

John Q. McAdams, the bank commissioner, referred to the work of the A.B.A. Legal Department, specifically mentioning Messrs. Paton and Wyckoff, who flew to Texas to work out a recodification of the entire Texas banking law.

Other Meetings

Mr. Dunkerley proceeded North from Texas, working in Kansas with the A.B.A. State Vice-President Arthur W. Kincaide, then to Kansas City where a meeting was held under the chairmanship of Robert L. Dominick, a member of the Membership Committee in charge of Arkansas, Kansas, Louisiana, and Missouri.

At Minneapolis, Nick Welle, A.B.A. state vice-president for Minnesota, presided over a membership clinic attended by 23 workers, including Murray Peyton, former treasurer of the A.B.A., and Frank Powers, president of the State Bank Division. In Minneapolis also a Wisconsin meeting was held under the chairmanship of the A.B.A. State Vice-president Max Stieg, cashier of the Dairyman's State Bank, Clintonville. Bank Commissioners Bixby and Henry were among those present.

Mr. Dunkerley appeared on the program of Group I of the Wisconsin Bankers Association which adopted resolutions commending the American Bankers Association for its work in combating competition from Federal agencies.

E. W. Porter, Idaho Secretary, Dead

Ellsworth W. Porter, secretary of the IDAHO BANKERS ASSOCIATION, died suddenly on February 26. He was formerly State Superintendent of Finance and at one time was senator in the Idaho Legislature. He was 77 years of age.

State Bank Study

The importance of state banks in the development of the American economy is being developed in a study by the State Bank Division's Committee on the American System of Banking.

This survey was decided upon at a meeting in St. Louis when leaders of the Division conferred with A.B.A. President Hemingway.

A.B.A. News Briefs

The attention of the state secretaries was recently called by the A.B.A. Insurance and Protective Committee to the advantages that would result from the adoption of a modernized form of fire insurance policy, similar to the one that will become effective in New York next July 1.

Each secretary was furnished with material describing the proposed contract, which it is hoped will be adopted by all the states. Should this be accomplished, it will be the first time in history that the same fire insurance policy form was in nationwide use.

Rebate practice in connection with personal loan charges is the subject of a bulletin prepared for A.B.A. members by the Consumer Credit Department. Simplified application of the method recommended in "A Bank Manual on Personal Loans," issued by this Department on February 1, 1941, is outlined in the new booklet.

A new interpretation of the recent revision of the Federal Reserve Board's Regulation V, pertaining to the guarantee of

war loans, will be released shortly by the Bank Management Commission. The new material, in addition to interpreting Regulation V, will include information on other phases of war financing, such as an analysis of the termination clause of war contracts, renegotiation of contracts, and a discussion of loan agreements permissible in connection with this type of financing.

The report on the A.B.A. regional personnel clinics held last Fall, under the direction of the Customer and Personnel Relations Department, was recently mailed to member banks.

The committees on Savings Development, School Savings, and Investments of the Savings Division met in New York early last month to plan forthcoming activities.

A new series of institutional advertisements stressing bank wartime services to customers and the Government has been completed by the A.B.A. Advertising Department.

"Air raid siren! Get the adding machine and typewriter to the vault!"



Banks Urged to Aid Victory Fund Drive

(Continued from page 33)

tees in the sale of government securities during the April drive. To promote the coordinated efforts of the two organizations, the Secretary has created a United States Treasury War Financing Committee under the leadership of a National Director of Sales for overall direction of the Treasury's bond selling activity.

"For the period of preparation and during the drive, the Federal Reserve bank presidents have been asked to act as chairmen of committees in their respective Federal Reserve districts, which will be organized along lines similar to the War Financing Committee. They will have full authority and responsibility to direct the drive in their districts. All publicity will be enlisted in behalf of the joint endeavor, and the entire basket of securities, including Series E Bonds, will be sold by all participants in the drive.

Prospect Lists

"All of us recognize the advantage of distributing United States Government securities as widely as possible outside the commercial banking system. I, therefore, urge every banker to keep fully informed of plans for the April drive and lend every assistance to the war financing committees to make the next campaign a big success. It is especially important that these committees be furnished with the largest and most effective lists of prospects that can be obtained. We ask each bank to assist the local committee in preparing these lists, as is done in all similar drives, with not only the names of prospects in their community but also the probable subscription amounts the war financing solicitor should have in mind when calling on them.

"In spite of the effort that will be made to distribute the bonds to the public, it will still be necessary, in order to provide the large sums needed by the Treasury, to call upon the

Victory Fund Booklet

A report on the A.B.A. Economic Policy Commission's new booklet covering the Victory Fund financing appears on page 47 of this issue.

banks to purchase securities that will be issued for bank investment. As I said to you in my letter of last November, the job of helping finance the war is one that rests upon all of the banks, and each bank should carry its share of the burden. In order to accomplish this, it will be necessary for every bank to determine its share of the load.

"We, therefore, suggest that the banks adopt self-imposed quotas, the determination of which will be largely fixed by comparing the bank's deposit liabilities with the total deposits of the banking system, after making due allowance for unusual or abnormal conditions that may exist within the bank itself or within the community. I strongly recommend that each bank begin now to appraise its affairs and to fix its own quota before the beginning of the campaign."

Maine Bankers Plan Real Estate Clinic

Will Study Wartime Problems on April 21

A real estate mortgage clinic will be held in Lewiston, Me., on Apr. 21, the first day of the annual study conference of the Maine bankers.

Specific wartime mortgage lending problems will be discussed at the clinic, which will be sponsored jointly by the Savings Banks Association of Maine, the Maine Bankers Association, and the American Bankers Association.

A real estate mortgage clinic similar in scope was recently held in Connecticut with gratifying results.

Thomas H. Riley, Jr., treasurer, Brunswick Savings Institution and A.B.A. state vice-president, is general chairman of the arrangements committee.



H. A. Theis

Theis Vice-President of Trust Division

Carroll Is Chairman of Executive Committee

Vacancies created in the vice-presidency and executive committee of the Trust Division by the cancellation of the American Bankers Association convention last Fall were filled at the Wartime Conference on Trust Problems held at the Waldorf-Astoria Hotel in New York.

Henry A. Theis, vice-president of the Guaranty Trust Company of New York, was chosen vice-president; Frederick A. Carroll, vice-president and trust officer, The National Shawmut Bank of Boston, succeeded Mr. Theis as chairman of the Executive Committee.

Executive Committee members were appointed for the term expiring in 1945, as follows: W. Elbridge Brown, vice-president and trust officer, The Clearfield (Pennsylvania) Trust Company; Foster W. Doty, vice-president and trust officer, The Commercial National Bank and Trust Company of New York; Edwin W. Marvin, vice-president, The Hartford-Connecticut Trust Company; Daniel J. Monen, vice-president, The Omaha (Nebraska) Na-

414 Banks' War Industry Loans Show Large Gain

Credits, Commitments Now Nearly \$6 Billion

Nearly \$6,000,000,000 of war production loans and commitments by 414 of the nation's larger banks were outstanding Dec. 31, according to the quarterly report of war lending activity prepared by the A.B.A.

The survey shows that bank loans and commitments for financing the manufacture of armaments and war supplies increased \$887,000,000 during the fourth quarter of 1942.

Of the \$5,922,000,000 of total loans and commitments outstanding at the end of the year, \$913,000,000 were for construction of war plants and factories, and \$5,008,000,000 were for the purchase of raw materials and other production expenses.

Although the total for war plant construction represents a slight decline below the amount outstanding at the end of the third quarter of 1942, the \$5,008,000,000 of loans and commitments for production of war supplies and equipment is an increase of \$1,022,000,000 over the amount of these loans outstanding at the end of the third quarter.

The slight decrease in plant construction loans, coupled with the large increase in loans for production of war supplies and equipment, reflects the fact that construction of new plants and factories has passed its peak and that an increasing amount of goods and supplies is now rolling from the factories.

tional Bank; and Evans Woolen, Jr., president, Fletcher Trust Company, Indianapolis.

Farm Credit Questionnaire

(Continued from page 33)

naire would be turned over to Senator Byrd's Joint Committee on Reduction of Non-Essential Federal Expenditures.

Questions asked included the amount of credit each bank had available for increased food production, and whether the RACC was necessary as an aid in the food program.

The subcommittee also asked whether the banks were meeting Federal competition.

Mr. O'Neill, as subcommittee chairman, replaces Wood Netherland, vice-president, Mercantile-Commerce Bank and Trust Co., St. Louis, who had to take a vacation because of ill health.

Country Banks Invest Heavily in Governments; Short Terms Popular, Survey Discloses

A survey of 102 Pennsylvania banks made by Claude E. Bennett, president of the Tioga County Savings and Trust Company at Wellsboro, Pa., shows that against \$210,000,000 in deposits at the end of 1942, the banks held more than \$84,000,000, or 40 per cent, in government securities. Thirty-seven per cent of the governments were of five-year maturity or less.

"The statement has often been made," said Mr. Bennett, "that country banks have been reaching for long term governments on account of the higher yield, but this survey disproves that charge."

The deposits were divided \$107,000,000 in demand and \$94,000,000 time. A breakdown of the holdings of governments showed:

\$31,695,771 or 37.65 per cent in maturities of 5 years or less;
\$27,810,026 or 33 per cent between 5 and 10 years;
\$24,680,160 or 29.35 per cent more than 10 years.

The banks surveyed are in Group 4 and Group 7, Pennsylvania Bankers Association. Their territory includes six cities, Williamsport, Bradford, Shamokin, Sunbury, Berwick and Lock Haven; the rest of the area is rural. It has a population of 516,000. Of the 102 banks, 101 are commercial, the other being a savings institution.

Analyzing the results, Mr. Bennett said:

"To my surprise the demand deposits exceeded time deposits by 13 million. Anyone familiar with country banking is fully cognizant of the stability of time deposits and it has been the experience in this district that their velocity over a year's time is very low.

"Giving consideration to the governments held against demand deposits alone shows combined average holdings at 78 per cent against such deposits. Consolidating the governments with the cash on hand and bank balances shows that all of the institutions covered had governments and cash in excess of their demand deposits with the exception of five.

"A breakdown of the assets and liabilities from a percentage standpoint follows:

ASSETS		LIABILITIES	
Government bonds..	36.6 %	Capital, surplus	
Other bonds and		reserves.....	12.57%
investments.....	9.58	Demand deposits..	46.57
Loans.....	25.6	Time deposits....	40.78
Bank building &		Other liabilities...	0.08
other r.e.....	3.00		
Cash and bank			
balances.....	25.1		
Other assets.....	0.12		

War Damage Insurance

In response to a proposal by the A.B.A. Special Insurance Committee, the War Damage Corporation has reversed its ruling under which the Government's war damage insurance automatically terminated as to mortgages as well as mortgagors when properties were sold without notice to the named loss-payees.

On March 3, the War Damage Corporation instructed its fiduciary agents (fire insurance companies) that they must notify named loss-payees immediately upon receiving application for cancellation or reduction of insurance. In the absence of the duly executed written consent of the loss-payees, cancellation or reduction of policies in which they are named shall not be made effective earlier than 10 days after application is received by the companies. Until the 10-day period has expired

the War Damage Corporation will construe insurance under the policy as remaining in full force and effect to the same extent as if the loss-payee were named as an insured under the policy.

This concession is highly important to banks and other mortgage lending institutions in that it raises the quality of their war damage protection by continuing this emergency insurance long enough to permit mortgagees to safeguard their interests.

Secret Service Aids

The United States Secret Service has renewed its offer to the American Institute of Banking to help train bank tellers and other bank employees in the detection of counterfeited money and fraudulent endorsements. This training is available through local A.I.B. chapters and study groups and individual banks.

"The survey also revealed that a reserve of 14 per cent against demand and 6 per cent on time deposits would total \$20,857,000. The amount of cash in vaults is optional with each bank, with the exception of non-member state institutions, but estimating an average of 4 per cent of total deposits as cash in vaults would add another 8 million or a total of \$28,857,000 as required reserve and estimated cash on hand against which the combined reserves held amounted to \$57,828,000.

"It is quite possible that many banks anticipated substantial withdrawals shortly after the first of the year, but the survey shows \$29 million excess reserves which could have been invested.

"It occurred to me that if a portion of the time deposits in country banks had been placed in the same category as the time or savings deposits in the mutual savings institutions, which were accorded preferential treatment during the last Victory Bond drive, a considerable portion of this surplus reserve might have been invested, both to the advantage of the banks and the Government."

CONVENTIONS

Because of the war and special conditions prevailing at this time the dates of meetings are subject to change.

American Bankers Association

Apr. 11-14 Spring Meeting, Executive Council, Waldorf-Astoria, New York
June 9-10 Wartime Conference of the American Institute of Banking, Chicago

State Associations

Apr. 5-6 Florida, Membership Meeting, Jacksonville
Apr. 19 Louisiana, Wartime Conference, Heidelberg Hotel, Baton Rouge
May 5-6 Arkansas, Arlington Hotel, Hot Springs
May 6-7 Oklahoma, Oklahoma City
May 8 New Mexico, War Conference, Albuquerque
May 14-15 New Jersey, Pennsylvania Hotel, New York City
May 18-19 Mississippi, Wartime Conference, Hotel Heidelberg, Jackson
May 19-20 California, Wartime Conference, Los Angeles

May 19-20 Pennsylvania, Wartime Membership Meeting, Hotel Bellevue-Stratford, Philadelphia
May 20 Alabama, Birmingham
May 21 New Hampshire, Carpenter Hotel, Manchester
May 25-27 Texas, Ft. Worth
May 26-28 Illinois, Palmer House, Chicago
May 26-27 Indiana, Indianapolis
June 10-11 Missouri, Jefferson Hotel, St. Louis
June 16-18 Minnesota, Hotel Nicollet, Minneapolis (tentative)
June 21-22 Montana, Northern Hotel, Billings

Other Organizations

Apr. 16-17 Association of Reserve City Bankers, Waldorf-Astoria, New York
May 6-7 Business Meeting, National Association of Mutual Savings Banks, New York
May 17-18 Industrial Bankers Association, Edgewater Beach Hotel, Chicago

Food Rationing in Britain

F. BRADSHAW MAKIN

MR. MAKIN's article "Ration Card Banking," which appeared in *BANKING* for July 1942, was one of the first accounts of the British system to be published in the United States. Here he tells how food rationing works in his country.

IN Britain the rationing of the essential items of food has been in operation for some three years: the system works with marked smoothness and in principle has not been altered since first instituted.

Briefly, each person registered with his grocer immediately prior to the setting up of the system, for all the food subjected to ration control. The retail suppliers then made up their statement of requirements based on the number of people registering with them, i.e., so many persons for say bacon, sugar, butter, cheese, etc. Each retailer then knew the total amount of rationed food he would be called upon to supply each week or month.

The retailer in turn passed on this information to the wholesalers who were then in a position to assess their requirements from the importers acting as agents for the Ministry of Food.

How It Works

The individual attends at his grocer weekly, presents his official ration book and draws his week's ration. The ration coupons are not extracted by the retailer but are canceled or defaced and allowed to remain in the ration book. There is no risk or fraud as the individual cannot purchase rationed foods without presenting a ration book, and furthermore can only present the book at the shop where he is registered. The retailer cannot supply goods in excess of the stipulated quantity because his supply is based on the number of customers registered with him; thus if some receive excess amounts others must go short. Speaking generally, consumers cannot change their registered retailer without good reason, save at the end of a rationing period which is usually every 12 months.

It will be observed from the foregoing that loose coupons are not handled by the traders, as in the case of clothing coupons; therefore, no case for coupon banking arises.

On the other hand, however, the "points" system of rationing certain foods such as tinned goods, breakfast cereals, biscuits, molasses, syrup, rice, dried fruits, etc., does call for the collecting of loose coupons by the retailer. The object of a points system is to allow to a consumer a freedom of choice in a group of rationed commodities. At the moment each individual is allowed 20 points per month, i.e., four "A" coupons, value one point each, and four "B" and "C" coupons of two



BRITISH COMBINE

Regional Food Advice Centres help the British housewife solve her food problems

points each. There are many ways in which the 20 points may be expended, for example one could purchase: two pounds of biscuits, eight points; one pound of syrup, four points; one pound of cornflakes, four points; one tin of pilchards, four points—or alternatively splash the whole 20 on a can of U. S. A. turkey.

In the case of "points" the retailer actually extracts the points coupons from the purchaser's ration book at the time of purchase. The coupons so collected by the retailer are despatched at the end of each points period (every four weeks) to the local Food Office where they are checked as to number and a transfer voucher issued to an equal value. This transfer voucher is then sent by the retailer to his wholesaler for the purpose of stock replenishment. Goods rationed on a points basis can be purchased from any grocer whether the individual is registered at the particular shop or not.

The points system is greatly favored on account of its flexibility and consumer's choice. The great advantage to the authorities is their power to vary the monthly points allocation and the allocation given to the various commodities. For example, if tinned salmon is in very short supply then the points value of a tin is raised and so demand is reduced. If, however, it is necessary to curtail the purchase of many points commodities then by the simple expedient of reducing the coupon value from say 20 to 14 per month a considerable reduction in consumption is achieved. As the scheme operates at present there is no thought of asking the banks to take over the handling of points coupons as to do so would only create extra work all to no purpose, as the risk of fraud is almost negligible.

In the British system of food rationing there is a practical example of a totalitarian economy, as the control exists from importation through to consumption.

When one considers how much food must be imported, the difficulties of transport, evacuation and distribution, the destruction of stocks by air raids, the restricted manpower and all the other wartime problems, high praise must be given to all concerned in the organization of the food rationing.

In conclusion, it may also be pointed out that some articles of diet, e.g., milk, eggs, onions, certain fruits, etc., are rationed without using coupons. In these cases the consumer registers with his usual supplier who is then provided through the wholesaler or other agency with sufficient supplies as and when available to meet the requirements of consumers. Fresh milk, for example, is at the time of writing limited to two pints per person per week, except for children and priority consumers.

To 20,000 New Tellers

FRANK J. WILSON

This article by Mr. WILSON, chief of the United States Secret Service, Treasury Department, is particularly timely because of the increasing number of Federal government checks being issued each month. By June 30, 1943 it is estimated that 160,000,000 checks will have been drawn by the Government alone during the current fiscal year. As our war program advances, the number of government checks written each month is rising steadily. All of these checks must clear through one or more banks.

LET's assume that you have just recently begun to work in one of the banks of the country. You are gradually absorbing much information of value concerning the banking business. You get to know something about "clearing," "transit," "exchange," "collection," and, of course, paying and receiving. Ah! But if you're in the paying and receiving department, are you always sure *what* you're paying and receiving?

For example, is it possible that you have accepted and paid out a counterfeit bill, all in good faith? Have you accepted a government check bearing a forged endorsement? Or *any* forged check, for that matter? If you have, you'll be more careful hereafter. Whether you have or not, you should know how to detect bogus money and how to guard against acceptance of forged government checks.

For your information, here's how to detect counterfeit bills:

1. Study the expert engraving on genuine paper money.
2. The portraits on good bills are lifelike and clear. The background of the portraits consists of a fine screen of tiny squares.

On most counterfeits, the portraits are dull or dark. The background is usually black or scratchy,

VICTIMS OF COUNTERFEIT NOTE PASSERS	
Average 1933-1936	102,800
1937	69,248
1938	54,309
1939	39,207
1940	19,419
1941	11,990
1942	5,980

(Each figure represents 5,000 victims)

Through education, counterfeiting has been reduced from a yearly average of 102,800 victims in 1933 to 5,980 in 1942

because the lines which make the squares are broken or defective.

3. Every good bill bears a colored circle surrounded by sharp sawtooth points. This circle is called the Treasury Seal. On genuine bills, the points are always sharp. On most counterfeits, the points are uneven or blunt.
4. The paper on which genuine bills are printed contains small red and blue fibers. Most counterfeits have no colored fibers, but infrequently the fibers are simulated by the use of pen-and-ink lines.
5. A comparison of any questionable bill with another of the same denomination known to be genuine will readily identify a counterfeit.



Mr. Wilson tells *above* how to detect counterfeit bills. Half of each of the three illustrations shown here is taken from genuine and half from counterfeit bills. Note the differences



Somewhere in your bank is a file of 5" x 8" cards sent to the bank by the United States Secret Service. These cards describe all counterfeit bills in circulation. They give you some good pointers on detecting them, and an additional card for the file is sent to your bank each time a new counterfeit note appears. I urge you to familiarize yourself with that file, for some day you may find it most useful.

BESIDES the suppression of counterfeiting, the Secret Service has another job in which your help is needed. That is the suppression of the forgery of government checks. Many people believe that government checks are as good as gold, and of course they are—provided they are endorsed by the rightful payees. But many government checks are stolen and forged, and if you were to accept a check bearing a forged endorsement, you or your bank might suffer the loss represented by that check. There is a simple way to avoid such losses. Before you pay out money for a government check, satisfy yourself that it is properly endorsed by the proper person. It is seldom that a check forger tries to negotiate a forged check in a bank, but it has been done. Usually, he will go to some small retail store and pass the check on an unsuspecting merchant who thinks the government check is as good as currency regardless of its endorsements. The storekeeper who cashes a forged check suffers a loss and sometimes it is the equivalent of more than a week's profits.

In such cases, the hardship is not only upon the storekeeper. At least he could protect himself by insisting upon proper identification of the persons presenting all checks in his store. An even greater misfortune is brought upon many dependents of soldiers and sailors in Uncle Sam's fighting forces. These boys have part of their pay sent home to mothers, wives, sisters, and children, in the form of government allotment or allowance checks. When one of these checks is stolen from a mailbox the dependent entitled to receive it may have to go without some of the necessities of life until the Government can conduct an investigation and issue another check. Millions of allotment checks are being issued, and we all owe it to the fighting man at the battle-front to fight for those he has left behind him here at home. One good way to do that is to make sure his dependents get the money they need—the money he wants them to have. You can help the Secret Service and your bank by passing this word along to your cus-

As part of its consistent campaign to reduce forgery, the Government will soon start imprinting on all of its checks, of which the illustration below is a specimen, the slogan, "Know Your Endorser Require Identification." Identification and endorsement procedure on reverse of Treasury checks is shown at right

ILLUSTRATIONS BY PERMISSION OF U. S. SECRET SERVICE

TREASURY
DIVISION OF
DISBURSEMENT



CHECK NO. 1000000000

CHICAGO, ILL.

Treasurer of the United States

THROUGH FEDERAL RESERVE BANK OF CHICAGO 2-30

PAY
TO THE
ORDER OF

THIS IS A SPECIMEN

DO NOT FOLD, SPINDLE OR MUTILATE

KNOW YOUR ENDORSER — REQUIRE IDENTIFICATION



The United States Secret Service recommends that recipients of government allotment or allowance checks meet the mail man at the door to avoid possible loss through theft, with resulting forgery

tomers who own stores or other business establishments.

The best way to fight any evil is always that provided by an educated public, for the crook who is unable to find victims to prey upon is quickly forced out of his criminal activity. The people make forgery dangerous and unprofitable when they learn to guard against it effectively, and the most effective way to avoid losses through acceptance of forged government checks is to **KNOW YOUR ENDORSERS!**

THE Secret Service has agents in all parts of the country who would like to meet and talk with you about our mutual problems. It seems to me that a good way to do this would be to arrange talks at meetings of various chapters of the American Institute of Banking. You could get a great deal of interesting information and the Secret Service could make many new friends. Agents will be glad to make the talks and will bring along some specimens of dangerous counterfeit bills for your examination. The chapter representatives need only extend the invitation and set the date. I hope we shall hear from you.

IDENTIFICATION PROCEDURE

When cashing this check for the individual payee, you should require full identification and endorsement in your presence, as claims against endorsers may otherwise result.

Unless this check is presented for payment within one year beginning July 1, next, after date of issue (U.S. Code, Title 31, Section 725t), it should be sent by the owner direct to the Secretary of the Treasury with request for payment after settlement of account.

The payee should endorse below in ink or indelible pencil.

If the endorsement is made by mark (X) it must be witnessed by two persons who can write, giving their places of residence in full.

Plain Talk on the Farm Problem

HARRY W. RAWSON

Here is some plain talk about the nation's farm problem, and some suggestions as to how bankers can help meet it. The writer is Harry W. Rawson, president of The Farmers State Bank at Waupaca, Wisconsin, and his comments are expressed in a letter to Wall Coapman, secretary of the Wisconsin Bankers Association.

DEAR WALL:

I have noticed in your bulletins and from other observations that there seems to be a growing tendency toward the solicitation and handling of farm auction sales by banks.

These loans and the resulting chattel mortgage loans are, of course, a source of profit to banks and I would rather see banks handle them than finance companies. However, I think all will agree that there have been altogether too many auction sales throughout the state in the past year. I am alarmed every week when I read the list of farm auctions advertised in our local paper. It means to me just one less farm customer, and what alarms me more is the resulting decrease in food production.

We have, I believe, been lulled to sleep by such meaningless terms as "the ever normal granary" and similar misleading phrases. Some of these days we are going to wonder what it is all about when we find in this great country of ours that we can't buy what we want to feed our families.

I know that I am going to be taken to task by some of

my best banker friends for this statement, but nevertheless I firmly believe that bankers should by all means be discouraging farm auction sales.

I realize full well that many auctions have been necessary due to the farm labor crisis, and if some of the city bankers don't think it is a crisis you should sit in on some of our directors meetings and hear our farmer members discuss it.

Country bankers can help this situation in many ways if they try. I don't mean by going out and trying to help the farmer with his work, or to be so silly as to think that high school boys, farmerettes or city folks in general can be of much help on the farm. I am frank to say that I wouldn't last five minutes in a hayfield, and wouldn't care to show my ignorance of farming to some of my good farmer friends or their 10-year-old boys.

Whenever I have a chance to talk to a young farmer lad who I know is doing a good job of farming, I do all that I can to encourage him to stick to farming. I know that it is uphill business to try and persuade him that it is just as patriotic to stay home and provide food for the fighting forces as to get in there himself. It is just as difficult to persuade him that farming is a profitable business and that there should be quite an era of farm prosperity even if the war should end suddenly.

It is usually quite easy to separate the chaff from the wheat and to spot those few draft dodgers who are hiding behind the cow's tail. The local Selective Service boards have done a pretty good job in that respect. It was distressing to be in this county seat town to attend induction ceremonies a while back and see the large number of farm boys going out every month, to say nothing of the hundreds from this section who have enlisted. This was no fault of the local board because it had its quotas to fill.

However, I believe this situation will be eased from now on. Essential farm boys should be deferred.

Did you ever stop to think what a great benefit these boys are on the farms they have been brought up on and are familiar with, and how much special skill and judgment a farmer really has to have. As one farmer on our board said, "Take plowing, for instance. It isn't a thing you can tell a man how to do—it's an art."

"Gosh," he added, "I hate to trust my machinery and equipment, as hard as it is to get repairs, to green hands. I had a high school boy on my tractor and he backed into a gang plow and ruined a tire."

From the long range viewpoint and for better future public relations, let's encourage farming all we can. Be ready to loan those deserving of credit all they need and if need be, stretch it a little. Help them to buy livestock and machinery rather than to sell them out. To those of you who like that kind of business, conduct auction sales if there is no other way out. But don't let it be said "My banker talked me into holding an auction."

Re: FARM AUCTION SALES

- The Waupaca banks do not like to see so many farm sales. If at all possible we would rather help a farmer remain in business instead of selling him out.
- Why? Because all indications point to prosperous farm conditions for the next few years, and because we are at war and need to increase farm production to win it.
- We are not handling auction sale notes produced by any sales company promoting auction sales. We realize some farm auctions have to be held.
- If you plan on bidding on something at an auction and need money come in to us and make arrangements for a loan direct from the bank at a Reasonable rate of interest. Pay Cash at the Auction.

The Farmers State Bank
First National Bank

WAUPACA, WISCONSIN
Member Federal Deposit Insurance Corporation

"The soundest advertising message we read in a country newspaper," said the Waupaca County Post of this advertisement by Mr. Rawson's bank and its neighbor. The ad, the editorial continued, "suggests to the farmer that he borrow his money from the bank, pay cash at the auction, avoid time payments"

Sparklers for Speakers

In previous issues we have considered the use of the humorous story and the epigram or short, witty comment, as a means of brightening a speech. Sometimes one may also use effectively a third type of humor—the amusing definition. With a little practice many humorous stories can readily be changed into amusing definitions. For example:

Smith: "I understand Jones is an optimist."

Brown: "Yes, he's the kind of person who can always see the bright side of the other fellow's misfortune."



Obviously, one has in this story a rather amusing definition of an optimist.

Dr. George E. Vincent, one of America's most brilliant speakers, once said a Harvard dean had defined a bachelor of science degree as follows: "A bachelor of science is a degree that does not imply a knowledge of science. It merely implies an ignorance of Latin." This definition is not only a specimen of wit, but it also carries a serious thought.

On these two pages there are illustrations of humor in three forms: the story; the epigram; and the amusing definition. Next month we shall discuss the simile, one of the less-frequently-used, but most effective, tools of speech.

Amusing Definitions

Business consultant—A person who charges you more to tell you how to run your business than you could make in your business if you ran it right instead of the way he told you.

Buffer nation—A small nation established by larger nations as an artillery range.

Alimony—A system by which, when two persons make a mistake, one keeps on paying for it.

Father and son banquet—An improved version of the old-fashioned woodshed conference.

Grade-crossing—A place where head lights and light heads meet.

Government economist—A man with a Ph.D. degree who experiments with a rugged individualist's money.

Optimist—The fellow who believes the thinning out of his hair is only a temporary matter. The housewife who takes a market basket now when she goes shopping with \$5.

Progress—Illustration: In the old days a woman's face was her fortune. Now it's the druggist's.

Public ownership—An idea that developed when an enterprising individual built up something everyone else would like to own.

History—A record which enables one nation to use some other nation's past as an alibi.

Hypocrite—The fellow who folds his *New York Times* around his tabloid.

Income—The thing you can't live without or within.

Courtship—The period when the girl decides whether she can do any better.

Business cycle—Illustration: 1920 to 1930—luxuries became necessities; the present—necessities have become luxuries.

Humorous Stories

A salesman who was tired of his job, gave it up and joined the police force. Some time later, a friend asked him how he liked being a policeman. "Well," he replied, "the pay and hours are good, and the work is interesting, but what I like best of all is that the customer is always wrong."

Little Ann (saying her prayers)—"Lord, please take care of Daddy, and Mommy, and Grandma; and be sure to take care of yourself, Lord, or else we're sunk!"

Two men left a movie theater disgusted. "Movies have certainly made a remarkable advance during the last few years," one remarked.

"How's that?"

"Well, first they were silent; then they got sound; and now this one smells."

A clergyman who had been badly beaten on the links by a parishioner 30 years his senior, returned to the club house rather disgruntled.

"Cheer up," his opponent said. "Remember, you win at the finish. You'll probably be burying me some day."

"Even then," replied the preacher, "it will be your hole."

The district engineer and his wife were entertaining at dinner. Suddenly a child's voice was heard from the floor above. "Mother." "What is it, Archie?" she asked. "There's only clean towels in the bathroom. Shall I start one?"

Epigrams

The average man now lives over 30 years longer than he did a century ago. He has to in order to get his taxes paid.

Our grandchildren will certainly have a great time paying for the good times we didn't have.

The world has ample facilities for transmitting intelligence rapidly. What is needed is more intelligence to transmit.

The man who really enjoys life is not the man who thinks, but the one who thinks he thinks.

It seems incredible—35,000,000 laws and no improvement on the Ten Commandments.

There has been some discussion in Congress lately of coining a three-cent piece. A nickel would just about do the job.

Regulation V's First Birthday

HERBERT BRATTER

The author, a regular contributor to BANKING, surveys the year's accomplishments under Regulation V.

REGULATION V is now a year old, having been promulgated by the Board of Governors of the Federal Reserve System as of April 6, 1942 by authority of Executive Order No. 9112 of March 26. Under the regulation, contractors and subcontractors of the Army, Navy and Maritime Commission have been able to arrange bank loans guaranteed in varying degrees by those three services. Thus delays in war production because of lack of sufficient working capital were reduced to a minimum.

To the end of 1942, the War and Navy departments and the Maritime Commission, acting through the Reserve banks, authorized 2,665 guaranties for war production loans totaling \$2,688,397,000. Advances to borrowers during 1942 on such guaranteed loans totaled \$1,133,159,000, of which \$330,454,000 was repaid, leaving at the end of the year unpaid balances of \$802,705,000 involving 1,496 borrowers.

On the average, the \$802,705,000 of loans outstanding was guaranteed to the extent of 79 per cent of their face value. In addition to the amounts outstanding, \$1,428,921,000 was available to borrowers under guaranty agreements in force on December 31. Some of the loans in the last mentioned figure were revolving credits; the rest were straight loans.

Large Loans the Exception

Although one huge Regulation V credit, that to General Motors Corporation, totaled \$1,000,000,000, officials connected with administration of the regulation point with satisfaction to the facts that more than two-fifths of the 2,665 guaranties authorized last year were for amounts not exceeding \$50,000 and that nearly three-fifths were for amounts not over \$100,000 each. Only 16 per cent of the number of guaranties authorized were for loans larger than \$500,000. One official remarked that Regulation V has done more for small manufacturers than all other efforts combined.

The fact that General Motors availed itself of Regulation V indicates that this is not exclusively an instrument to aid small business. Nor should it be concluded that, because Regulation V was devised in wartime, the principle has no post-war applications. To the financial problems of post-war reconversion of manufacturing plants—and other business, too—and to some form of Federal guaranty of loans for reconversion, much thought is being given by various members of Congress, notably by the Murray Committee and its staff. Just as it was recognized as the Government's function to assume the main financial risks involved in the conversion and rapid expansion of peacetime plants to war manufacture, so, it is now being reasoned, is it the Government's

*Regulation V Guaranties, April–December 1942
Classified by Size of Loan*

Amount of loan	Per cent of Cumulative	
	total number	percentage
Up to \$ 5,000.....	5.2	5.2
\$ 5,001 to 10,000.....	6.7	11.9
10,001 to 25,000.....	14.7	26.6
25,001 to 50,000.....	14.9	41.5
50,001 to 100,000.....	17.2	58.7
100,001 to 250,000.....	15.8	74.5
250,001 to 500,000.....	9.6	84.1
500,001 to 1,000,000.....	6.3	90.4
1,000,001 to 5,000,000.....	7.4	97.8
5,000,001 to 10,000,000.....	1.1	98.9
10,000,001 to 25,000,000.....	.7	99.6
25,000,001 to 50,000,000.....	.3	99.9
Over \$50,000,000.....	.1	100.0

duty, rather than that of private enterprise, to shoulder some of the war-caused post-war financing problems of the same businesses.

Regulation V and Post-war Conversion

For example, when the war is over and the brakes applied, there will be cancellations of thousands of government orders. Contractors will have much work in process and inventories on hand, all or largely useless for their peacetime business. It may be months before they receive full financial settlement from the Government. During that period, interest on "V loans" is suspended. But meanwhile the manufacturer will have large expenses for reconversion. He will owe some of his workers vacation allowances, and perhaps he will also have to pay his workers a severance allowance, for which his cash reserves are inadequate. For a period, he may have difficulty arranging the necessary financing with the bank to which he is already indebted on his "V loan." In such circumstances, a Regulation V-type of reconversion loan would answer the purpose.

While thought is being given to this subject in various parts of Washington, it will not do to await the armistice before working out a plan. This should be done while the war is on. It should be a part of our Demobilization Day plans; our D-Day blueprint, if such exists.

Part of this question has to do with the broad, general problem of post-war unemployment. It may be decided in many instances not to cancel orders abruptly, but to taper off production, so as to minimize the unemployment problem—and incidentally, the contractor's financial problem.

(CONTINUED ON PAGE 72)

An All-Woman Farm Bank Reports

Friona, Texas

TO THE EDITOR:

We have read the comments of pioneer bank women in the recent issues of *BANKING* with interest and this "all woman bank" force feels that it is an honor to be carrying on in a profession pioneered by such women as Miss Kirch, Miss Bowman and Miss Kenny. (Refers to "Women About Banks," January 1943 *BANKING*.) We liked Miss Kenny's opinion of banking as a career for women and we were prompted to express our opinion.

The draft took our bookkeeper about a year ago, then later my husband who was vice-president and cashier of the bank, leaving a bank manned entirely by women, including our president. I was elected to fill the vice-president-cashier vacancy. Banking was the field I had studied since my first job as stenographer, so it was not the new responsibility that I dreaded so much as the customer reaction.

Our customers are ranchers and farmers and I expected some of them to rebel at a bank full of women; however, we did not lose an account, but have worked hard to keep our bank "as usual," even to the extent of going out and counting, inspecting and appraising cattle. I recently was asked to appraise 150 head of hogs. The pride of the customer in these nice hogs made me forget the surroundings.

Managing a small Texas bank isn't a very glamorous job, but I didn't expect it would be. I knew that it would be a man-sized job and I still think it is, and I do not recommend it to many women as a career.

The president of our bank (Mrs. Rubye McLean) is

Banker McLean with another farm customer looks over some cattle



Mrs. McLean inspecting 150 hogs for a farm customer preliminary to granting a loan with the hogs as security

not active and does not live in our town, so you see I cannot "pass the buck." I make all the loans without a discount committee. So my judgment had better be right, and if you think you won't lose a little sleep occasionally, try it.

But even with the responsibility I like my work and want more than anything to be a success as vice-president and cashier of this bank because my husband and others had enough faith in my ability to insist that I carry on in his place.

Also I have a very strong desire to be treated as a man would be if he were doing the job. I'm filling a man's place and I do not want any special favors because I'm a lady. A woman holding an executive position in a bank cannot be a success if she "cramps a man's style."

I believe our bank force knows something of all-out war and doing our jobs to the best of our ability seems the least we can do until we can be replaced by men returning to take our places. Two of the other girls in our bank have husbands serving in the armed forces and when we have time to discuss women and their future, we see not women in line for a pay envelope . . . not women clamoring for men's places in the banking profession, but we see women shouldering the greatest responsibility that could be placed on them . . . and without pay.

That responsibility is the reopening of homes closed for the duration for men and boys returning from battle fronts . . . remaking a way of life . . . building character and a new America. America's future is ours to mold, not by holding men's jobs after the war, but by giving them their rightful places; places we hold while they fight and perhaps die that we might have a better world and a peace that we hope will be lasting.

Sincerely,

MRS. CHARLES E. MCLEAN
Vice-president-Cashier
Friona State Bank



How Should Interest

CLYDE WILLIAM PHELPS

DR. PHELPS is head of the Department of Economics at the University of Chattanooga.

THE main point of my brief note on the "Four Rights," in the October, 1942 issue of *BANKING*, was simply this: Sellers and lenders ought to furnish consumers with information adequate to enable the latter to force the former to compete in a thoroughgoing manner. This would tend to make our free enterprise system become increasingly effective in giving consumers better goods and services at lower prices and, therefore, would contribute toward preserving the "American Way of Life."

Words or terms may be used differently by different people and misunderstandings may result. Also, there is usually more than one possible method of doing a thing. Consequently, I was not surprised to find a misunderstanding of the nature of the competition I advocated, and a disagreement with the method I favored for furnishing consumer borrowers with information, in Professor A. Anton Friedrich's article, "How Much Is X% Per Month?" in the November, 1942 issue of *BANKING*.

SURELY every competent economist and intelligent layman realizes that a condition of *pure* competition is obviously impossible in our retailing of goods and services. What is both possible and desirable is more nearly *perfect* competition in these fields.

I use the term perfect competition, not as synonymous with pure competition as Professor Friedrich erroneously assumes, but in the sense explained by Edward Chamberlain in "The Theory of Monopolistic Competition," Albert L. Meyers, in "Modern Economics," and others. (Familiarity with the literature of recent developments in economic theory, and with the different senses in which these terms are employed by competent scholars, should have kept Professor Friedrich from assuming that I was urging competition in the sense of "twice as many banks and five times as many loan companies as we have at the present time, unrestrained competition," etc.) Thus, in a field of monopolistic competition characterized by differentiation of products or services (like the field of consumer loans), the functioning of the forces of competition may vary all the way from very imperfect to more nearly perfect.

One way of helping these forces of competition to function in a more nearly perfect manner—to get sellers and lenders to "compete freely and fully," to "compete in a thoroughgoing manner," to "enforce more perfect competition," to make "competition function more effectively," or to "compete in the most effective manner" (the phrases I used)—is to furnish consumers "adequate information to enable them to compare soundly the goods or services offered by competing sellers and lenders."

Thus, I was advocating not "unrestrained competition," as Professor Friedrich incorrectly claims, but what the banker and business man would probably call "fair competition," i.e., the elimination of the misleading and deceptive methods of quoting consumer credit costs which are at present so widely used. This could be achieved by all instalment sellers and lenders quoting their *total* charges for credit according to one uniform method permitting accurate comparisons of total costs.

I stated that "the best way would be to state the total charges of all kinds as a per cent of the current, monthly balances owed. If the total costs of borrowing were reduced to this one common denominator, consumers could choose intelligently and enforce more perfect competition."

I am not so much disturbed by Professor Friedrich's disagreement with this method of cost statement as I am by the fact that his discussion of it is so phrased as to cause readers to infer that the method is impractical (just as the first part of his article left readers to infer that my ideas on competition were impractical).

Professor Friedrich states that the method I recommended "could hardly be styled as a practical solution," and offers in proof a paragraph upon the differing of "effective rates" from monthly charges and ending with a quotation to the effect that "only confusion results from any attempt to secure the true effective rate."

Clearly the effect of his treatment is to lead readers to infer that the method of cost statement I recommended is only a visionary idea which could not work. Yet this method of stating the total charges of all kinds on consumer loans as a per cent of the current monthly balances owed has been in operation for many years and in many states for companies operating under the uniform small loan laws. In 1941 there were nearly 5,000 of these licensed loan offices in 31 states. Also, the more than 4,000 credit unions organized under Federal law in 48 states use this method.

NOR only is the statement of total charges of all kinds as a per cent of current monthly balances owed practical in the sense of being actually used by thousands of lending establishments in many states, it is the *only* method which would enable consumers to compare accurately the relative total costs of borrowing from different lenders.

Why? Because in the case of consumer instalment loans the amount owed by the consumer declines from *month to month*. He owes, for example, \$100 for the first month, \$90 for the next month, \$80 for the following month, etc. Therefore, the only accurate way to express the total charges for this type of credit is in terms of a per cent of the current, unpaid *monthly* balance. Any

(CONTINUED ON PAGE 66)

Rates Be Stated?

A. ANTON FRIEDRICH



DR. FRIEDRICH is Professor of Economics at New York University and a member of the faculty of The Graduate School of Banking.

ALTHOUGH recognizing the substantial improvement of conditions in the field of consumer credit which has occurred over the past 25 years, informed students are aware that not everything is as it should be. The diversity of state laws, in spite of vigorous efforts to secure uniformity of regulations, is greater than local conditions can justify. "Tricky merchandising of money," as one writer dubs it, leading people to go into debt who should not, to borrow more money than they need, to stay in debt longer than is wise for them, is all too prevalent. Current practices of lending institutions cannot, in many instances, bear too close scrutiny from the viewpoint of public interest. The uncertain competitive relations between the two major groups of lenders is disturbing to those who follow developments.

Now, Dr. Phelps believes that a long step toward the adjustment of these unsettled conditions would be taken if all lenders of consumer credit were to state their total charges in terms of a "per cent per month on balances owing." More perfect competition would result. Consumer borrowers would be able easily to compare the competing loan offers, and would prefer to deal with the more reputable lenders with the lower rates. The pressure of consumer preferences would, therefore, force all lenders to conform to the higher standards of trade practice and would bring rates down to the lowest possible, consistent with risks and costs of making loans.

So runs his logic, but let us look at the record.

THE failure of competition between licensed lenders to bring down rates has disappointed those who have followed developments under the small loan laws. The maximum rates which are permitted by the small loan acts are, when compared with bank rates, relatively high (as high as $3\frac{1}{2}$ per cent per month in some states) although substantially lower than rates charged by loan sharks. These high rates are based not upon a scientific determination, but rather upon compromise guesses of the maximum rates necessary to attract commercial capital into the field. It was hoped by the supporters of small loan acts that as experience in the consumer credit field accumulated, as risks became more definitely known, and as procedures were developed and improved, costs of operation would decline, thus permitting competition to bring down rates.

But this did not occur. Rates charged by licensed lenders, by and large, are the highest possible permitted by law. The ceiling rates are not only the legal maximum rates but also the rule of the trade. Competition between lenders is active, but it is limited largely to advertising and other promotion to stimulate loans.

Now all licensed small loan companies state their total charges on a per cent per month basis. The conditions in the regulated small loan market meet the specifications of Dr. Phelps, yet the results which he anticipates on the basis of theoretical reasoning have not in fact taken place. The fact of the matter is that competition between small loan lenders, all using the per cent per month method, does not even remotely resemble the "perfect competition" as abstractly conceived by Mr. Chamberlain and other economic theoreticians.

It is clear then that a common use of the per cent per month method of stating total charges is not in and of itself sufficient to bring about "perfect competition," or competition "in a more thoroughgoing manner."

In recent years, however, there has been increasing competition in regard to loan rates in the field of consumer credit. This increase of competition has come, not from the operation of the per cent per month method, but rather from the entrance into the field of consumer loans of commercial banks. Bank rates, in general, run much lower than the rates of the licensed lenders. In some instances, the bank rate is so low that consumer borrowers can obtain instalment loans at a cost which, if they fulfill the terms of their contract, compares very favorably with the rate on commercial loans.

THE growth of personal loan activities of banks during the past decade has been phenomenal. An appreciable part of this growth, it should be noted, is due to the shifting of consumer borrowers from licensed small loan lenders to banks. Now, banks, in accordance with their traditional practice, state their rates as discount rates. The conclusion, therefore, is inescapable that a considerable number of consumer borrowers are able to equate bank rates with the rates of licensed small loan lenders, even though different methods of stating charges are used, and that, in consequence, they are able to decide where their best interests lie and act accordingly.

No sensible person would disagree with Dr. Phelps in his contention that consumer borrowers should be able to compare easily the loan rate quotations of competing lenders, and that lending institutions should be required to state their charges so that accurate comparisons can be made. That the per cent per month method "is the only method" which would enable consumers to make the desired comparison is open to question. A moment's consideration will show that this is erroneous. Certainly logic would compel Dr. Phelps to admit that if all lenders used the same method, whatever that method may be, easy comparison of competing loan offers is possible. Moreover, if different methods are used by different lenders, and if lenders disclose all the charges borrowers will be asked to pay, comparison is possible if there is a common denominator in terms of which differently quoted charges can be equated.

State Association Activities

Farm Loan Survey

The Bureau of Agricultural Economics has recently released a county-by-county survey of agricultural loans held by insured commercial banks and federally sponsored agencies in New York State as of July 1942.

Copies distributed to the membership by the NEW YORK STATE BANKERS ASSOCIATION show that personal and collateral farm loans held by banks totaled \$33,647,000 as compared to \$8,760,000 with Production Credit associations and \$5,269,000 with the Farm Security Administration. These figures indicate the sharp drop in non-real estate agricultural loans held by banks from the high point of 93.9 per cent in 1935 to 70.7 per cent in 1942.

Boosting 4-H

With the approval of the Executive Committee, PENNSYLVANIA BANKERS ASSOCIATION, the Committee on Agricultural Development has provided needed funds for awarding merit pins to all 4-H Club boys and girls in the state, whose activities in 1943 help sustain the nation's war effort.

Account Analysis

To meet the challenge of decreasing income and rising operating costs, the Bank Management Committee of the MISSOURI BANKERS ASSOCIATION has prepared a uniform, simplified account analysis plan for member banks in a "packaged" kit form. The kit contains a detailed description of the simplified program.

Manners

The Public Relations Committee of the MISSISSIPPI BANKERS ASSOCIATION aims a campaign of leaflets at "contact" employees. "Quiz Yourself About Your Manners" is the title of the latest mailing piece. It sets up a series of pertinent questions dealing with telephone technique, addressing customers, attitudes while working, and personal appearance.

War Bond Safekeeping

The Committee on Banking Practice, CALIFORNIA BANKERS ASSOCIATION, is working on a suggested program for War Bond safekeeping services.



Meet the State Secretaries

**RHODE ISLAND'S
ELMER D.
NICKERSON**

Straw on the floors of horse cars in Winter . . . torch light processions for President Harrison . . . pleasure steamer traffic on Narragansett Bay . . . these are the things the genial, energetic secretary of the Rhode Island Bankers Association recalls in his thumbnail autobiography.

ELMER D. NICKERSON was born and reared in Providence, received his B.A. from Brown University in 1906, Phi Beta Kappa 1905, and taught Latin for a year or so at Keystone Academy, Factoryville, Pennsylvania.

As an A.I.B. instructor of the Providence Chapter for the past 20 years, ELMER might well be called the dean of local banking. He has been secretary of the Bank Clerks Mutual Benefit Association since 1925, and has held the secretary's chair of the Rhode Island bankers since 1935.

Music is his pet hobby—organ music to be precise, for his renditions of the Ave Maria and other immortal hymns are familiar to local churchgoers. As a student and lover of the theatre, Elmer has been cast in many productions of the local little theatre guild. Time—when it hangs heavy—finds him painting water colors.



**CONNECTICUT'S
G. HAROLD
WELCH**

HAROLD WELCH is a dyed-in-the-wool Connecticut Yankee who traces his ancestry on the native soil of New Haven back to 1709. He was reared in New Haven in the shadow of a deep-rooted family tree, attended Hillhouse School and was graduated from the American School of Banking in 1917.

His first business association was with the old National New Haven Bank—now called the New Haven Bank N.B.A.—which he has served in various capacities for the past 23 years. At present he is trust officer of the bank.

He served the Connecticut Bankers Association as assistant secretary for several years prior to being elected secretary in 1937. In addition to active participation on many of the Association's working committees, he has found time to serve the American Institute of Banking as a former member of the National Executive Council.

Extra curricular interests have made him treasurer and director of the Grace Hospital; treasurer of the Connecticut Child Welfare Association; chairman, United China Relief; treasurer, Russian War Relief, and other civic activities.

Tells Banks' Part in Victory Fund Drive

THE banks should and will play a major role in the Treasury's April Victory Fund drive, says a report of the Economic Policy Commission of the American Bankers Association, entitled "The \$100 Billion Budget and the Banks."

"While the December drive was successful and bankers are proud of their share in this success," the report says, "the April drive calls for still greater effort. More money is needed. The coverage must be broader, more individuals must subscribe if this bond drive is to play its part as a means for checking inflation."

"Once more the President has startled the country with a budget of gigantic proportions—\$24 billions larger than the current fiscal year's probable expenditures and six times as large as the biggest year of World War I."

The report reviews the various ways of preventing this expenditure from becoming inflationary and asserts that "whatever its effect on us as individuals we must urge increased taxes up to the maximum that can be borne without checking the war effort." It points out that no equitable tax program can take the whole surplus income created by Treasury spending, and states "there will still remain much spending power which can be reached only by voluntary means. It is in this form—bond sales to people and voluntary savings—that the banks have their special opportunity in the effort to avoid inflation."

The Commission stresses the need for organizing for a broader coverage of individual prospects:

"As a primary contribution to the success of the campaign, the commercial banks should make staff assignments for efficient handling of the great volume of work involved in entering subscriptions, collecting payments and making deliveries of securities. Secondly, the banks are expected to assume a direct sales responsibility. We are asked in effect either to solicit our own depositors or to accept the aid of professional or volunteer salesmen in this solicitation. There was ample evidence in December that depositors are glad to have the Treasury's sales appeal made to them by their bankers, and this obligation should be willingly accepted both as a patriotic duty and as a service to our depositors."



W. Randolph Burgess, vice-chairman of the National City Bank of New York, is chairman of the A.B.A. Economic Policy Commission

The Commission summarizes a desirable program for banks in helping to finance the \$100 billion budget listed under these six points:

1. *Promote actively the current sale of savings bonds.*
2. *Organize for Treasury War Financing drives to sell to our customers and to other non-bank investors.*
3. *Welcome temporary loss of deposits caused by customers' purchases of government securities.*
4. *Invest idle funds and then buy our share of new issues in relation to deposits.*
5. *Use War Loan accounts.*
6. *Preach the gospel of savings.*

Other recommendations of the Commission include careful selection of names of prospects, special training of salesmen for the drive, the use of personal letters from bank presidents to prospects, widespread publicity through the press, radio, and movies, and individual interviews whenever possible.

The report recognizes that "even after the best possible efforts to sell securities to customers have been made, the banks themselves will be called upon to absorb a substantial amount of government securities," and suggests certain yardsticks that individual banks may use in determining the size of their subscriptions for Treasury issues.

"A first principle," it says, "is that banks should now be fully invested. With the large amount of Treasury bills and certificates available there is no longer any reason for a bank to carry more than a minimum of excess reserves. The bank carrying continuously large excess reserves is not doing its share in the program and is losing earnings unnecessarily."

As a second yardstick, the report suggests the percentage of a bank's deposits invested in government securities. "On December 31, 1942," it says, "the average bank in the United States held government securities equal to nearly half of its total deposits, and banks which are holding less than this amount might examine their positions to see whether they might not do more. This percentage would, of course, be somewhat dependent upon a bank's loan portfolio," it adds. Still another measure that might be applied in subscribing for new issues, according to the report, is for each bank to consider taking a share of the new financing proportionate to its share of the total bank deposits.

Discussing the dangers of a rapidly mounting government debt, the report foresees high taxes for an indefinite period, with their consequent tendency towards discouragement of initiative and enterprise, but takes the position that even these taxes can be borne if post-war policies are conducive to a sound increase in national productivity and wealth. "The more immediate hazard," according to the report, "attaches to the expansion of bank credit through which the huge debt is created and carried."



A.B.A. Vice-president A.L.M. Wiggins, (president, Bank of Hartsville, S. C. and chairman, A.B.A. Federal Legislative Committee) led banker-farmer opposition to the revival by the Department of Agriculture of the RACC before the Joint Congressional Committee on the Reduction of Non-Essential Federal Expenditures. Mr. Wiggins, second from left, with Senators Wherry (Nebraska), George (Ga.), and Byrd (Va.)

Speakers at the Massachusetts Bankers Association's wartime conference in Boston included, left to right, standing, William Powers, American Bankers Association; L. W. Brace, First National Bank of Boston; J. A. Ostrich, Phoenix State Bank and Trust Co., Hartford; J. S. Gwinn, secretary, Massachusetts Bankers Association; seated, L. R. Connor, president, MBA; and H. J. Nichols, National Shawmut Bank of Boston

People You Know



Women's debate teams of New York and Philadelphia chapters of the A.I.B. met in Philadelphia to argue the question: "Resolved that public sports and entertainment should be curtailed by a system of rationing for the duration." New York upheld the affirmative and Philadelphia the negative—the Philadelphia women were the victors. The debaters in action, left to right, (New York) Edna Flaschendraher and Evelyn O'Connell, Dime Savings Bank, Brooklyn; Margaret Hudson, City Bank & Farmers Trust Company of New York; (Philadelphia) Eleanor Parrish, The Pennsylvania Company, Elsie Garton, Corn Exchange National Bank and Trust Company; and Margaret Byerly, The Pennsylvania Company

Savings Division officials—President W. W. Slocum, Deputy Manager Ernest M. Fisher, and Savings Secretary J. R. Dunkerley—met with the Savings Development, School Savings, and Investments committees in New York to plan future program activities. The three committees jointly discussed mutual problems at luncheon. Clockwise, around the table, W. Harrison Smith, Albany; Mr. Dunkerley; Harold G. Parker, Flushing, N. Y.; Fred F. Lawrence, chairman, School Savings Committee, Portland, Me.; J. Reed Morss, chairman, Investments Committee, Boston; Mr. Slocum, Detroit; Ralph W. Mattison, New London, Connecticut; Dorcas Campbell, New York City; George R. Beach, chairman, Savings Development Committee, Jersey City, N. J.; Dr. Fisher; Elmer H. Worthington, New Milford, Connecticut; and Raymond T. Perring, Detroit



BANKING'S "Convention in Print" issue (September 1942) was used by Portland (Oregon) Chapter, A.I.B. in its 13-session seminar discussions. Various phases of banking were covered, seminar members using the "convention speeches" to familiarize themselves with the topics up for discussion. *Right*, Executive Councilman George J. Greenwood, Jr., at table, and Discussion Leader Herbert Ambler, at his right, are about to launch a serious discussion of wartime responsibilities and services



Marion G. Rehfuess, chairman, National Women's Committee, A.I.B. (Corn Exchange National Bank & Trust Co., Philadelphia) spoke to 450 bank men and women attending a tea dance given by the Women's Committee of Cleveland Chapter on the value of Institute training. *Right, left to right*, Irma Hafenbrak, chairman, Cleveland Women's Committee (The Cleveland Trust Company); Miss Rehfuess; Mrs. Frank J. Lausche, wife of Cleveland's mayor; and Anne J. Erste, chairman, National Publicity Committee, A.I.B. (Federal Reserve Bank, Cleveland)



At a Red Cross rally in Norristown, Pennsylvania, Dr. William A. Irwin, national educational director, A.I.B., spoke on "Privileges and Responsibilities of American Citizenship"; Aerial Radioman John W. Shupe (of Norristown) and Franklin P. Gates, Red Cross Field Director, told of experiences in the Pacific war zone; Norris D. Wright, president, Norristown-Penn Trust Company, and T. Allen Glenn, Jr., president, Peoples National Bank, campaign committee chairmen, outlined the plan of the Red Cross campaign. Joseph L. Eastwick, vice-president, Norristown-Penn Trust Company, and chairman, Norristown Branch, American Red Cross, presided. *Right, left to right*, Mr. Gates, Mr. Eastwick, Mr. Glenn; Dr. Irwin; and Rev. George S. Finnie. (Dr. Finnie and Dr. Irwin, both natives of Glasgow, Scotland, and alumni of the same school, met for the first time in Norristown)



A panel composed of Dr. Paul F. Cadman, A.B.A. economist; Dr. Willard E. Atkins, professor of economics, New York University, W. A. Wright, Armstrong Cork Company, and E. R. Neubauer, York Ice and Machinery Company, discussed post-war economic adjustments at the annual dinner meeting of York (Pa.) Chapter, attended by 225 industrialists and chapter members. *Below, left to right*, H. C. Stitt, president, Industrial National Bank; Mr. Wright; W. A. Keyworth, president, First National Bank; Dr. Cadman; E. C. Smyser, chairman, chapter's forum committee; Dr. Atkins; C. H. Moore, president, York Trust Company; Mr. Neubauer; J. T. Hummer, chairman, chapter's educational committee; C. R. Thatcher, Federal Reserve Bank, Philadelphia; and E. W. Warren, chapter president and assistant trust officer, First National Bank, Gettysburg





U. S. ARMY SIGNAL CORPS

Temporary facility quarters at Camp Wheeler operated by the Citizens & Southern National Bank, Macon, Georgia. After selling his car, Corporal Wheeler invests in War Bonds

Services for

BEHIND clapboard counters and chicken mesh wire in Army camps over the country a mere handful of bank employees are providing tens of thousands of doughboys with the same efficient banking service they knew in civilian life.

These views are typical of the services now rendered by 82 banks under the Treasury's banking facility program which covers training centers of all branches of the service, air fields and bases, ports of embarkation—in fact, every point not already serviced by the Army Finance Department.

Many of the facilities occupy temporary quarters with make-shift layouts in order to render service immediately.

L. W. Bishop, vice-president, State-Planters Bank & Trust Company, Richmond, receives a new account at the bank's Camp Pickett facility

U. S. ARMY SIGNAL CORPS



U. S. M. C.

(Above) Quatermaster Clerk Hugh F. Deakins, USMC, bought five \$5,000 War Bonds with paychecks accumulated during 35 years of service at the Marine bank—the First National Bank of Quantico, Virginia, pictured below

U. S. M. C.



Compared to the Saturday rush when the Leathernecks storm the First National for weekend cash, this view shows less than normal activity. At the Quantico Base, a civilian customer is a rare sight to bank employees

U. S. M. C.



Service Men

UNDER this handicap, many of the banks keep and maintain facility records at home offices—usually far removed from the camp site. Others have organized “flying squads” of employees who take a temporary shift at the camp branch on paydays.

Next to check cashing, the biggest activity is War Bond sales. Some few permanent offices have safe deposit facilities, but the majority, anticipating quick transfers of personnel limit services to checking, savings, War Bonds, money orders and traveler’s checks.

This little publicized, patriotic service is doing a splendid job of public relations for American banking.

Plywood counters and rip-pine floors at the Camp Pickett facility are in contrast with the stone and marble of the State-Planters Richmond office



The Camp Butner office of the Durham (N. C.) Bank & Trust Company. Deposits run as high as \$40,000 daily; check cashing to \$12,000. Home office does posting

SUP. PUB. REL. WAR DEPT



Below, Sergeant Torgersen, former Chase National employee now in Army Finance Department, guards the payroll at the Moody Field facility of the First National Bank of Valdosta, Georgia. Permanent bank quarters are under construction

Some of the Camp Butner officers who keep the staff stepping

Below, Major Gipson, Moody Field, receives the money from Cashier J. W. Henry of the First National, Valdosta



U. S. ARMY SIGNAL CORPS

M.C.

A.C.A.F.S.



A.C.A.F.S.

Rating the Neighborhood

MARGARET KANE

This is the third in a series of articles by MISS KANE.

IN wartime changes in points of view and methods of operation are likely to be greatly accelerated. Changes at a rapid rate will doubtless continue after the war, and will require new equipment on the part of bank officers. These changes will pervade the field of mortgage lending as much as any other. As they develop, mortgage lenders in banks will have available a systematic method of mortgage analysis that will enable them to make swift adjustment to the changes. This instrument consists of the forms and instructions contained in the new A.B.A. "Home Mortgage Loan Manual."

Much emphasis is given in the manual to the analysis of the neighborhood in which the property offered as security for the mortgage lies. A home is inescapably tied into its surroundings. An estimate of its acceptability as collateral must take into account not only the land and the structure, but also the appropriateness of the neighborhood as a setting for the property and the family that is to occupy it, and the outlook for the neighborhood over the anticipated life of the mortgage.

Design versus Inconvenience

The conveniences incorporated in the design of a house may be offset by its location in an inconvenient neighborhood, where transportation facilities are inadequate, roads are bad, or stores and movies too far away or too near. The mortgagor's first enthusiasm for owning his home may change to dissatisfaction and consequent unwillingness to keep up the payments on the mortgage if, as his children reach school age, he begins to realize that there are no suitable schools within a reasonable distance. The value of the property may decline as business establishments gradually encroach on a neighborhood that was originally wholly residential. The desirability of the neighborhood to the present home owners may be lost by the coming in of members of inharmonious racial or nationality groups, or, in a neighborhood of single-family homes, when a number of the homes are turned into multi-family dwellings or rooming houses.

The bank must consider the difference that a change in the level of values in the neighborhood will make in the value of the mortgaged property if it has to be taken over by foreclosure at any time before the loan is repaid. Indications of coming change may be found in a number of circumstances that may be so little noticed in their earliest manifestations that later on they seem to have become established almost without warning. Among these circumstances may be a rising percentage of vacant properties, an increase in the number of fore-

2. Neighborhood Analysis

a. Characterize the neighborhood with respect to the following features:

(1) Structures: (a) Types	(b) Typical age	(c) Size of neighborhood
(2) Development: (a) Percentage of lots built on	(b) Estimated percentage of lots improved	
(3) Facilities and conveniences (parks, playgrounds, shopping centers, transportation, schools)		

(4) Are properties in neighborhood well kept up, or are there signs of neglect?

(5) Are there any unusual planning features? (Describe)

(6) Price range of properties in area: Typical, \$ _____, highest, \$ _____, lowest, \$ _____

(7) Residents: (a) Typical income group _____

(b) Principal types of employment _____

(c) Predominant type of employment _____

(d) Typical or dominant racial or nationality groups _____

(e) Are there any important changes in racial, nationality, or income groups in process? (If yes, describe) _____

(8) Protection against future adverse occurrences: (zoning, deed restrictions, planning, natural protection) _____

(9) Freedom from hazards and nuisances (noise, smoke, odors, floods) _____

b. Comment on the following aspects of the market situation:

(1) Vacancies (include for sale and for rent) _____

(2) Institutional holdings of properties _____

(3) Building activity by price ranges _____

(4) Sales activity, with particular reference to length of time required for sale _____

(5) Trends in sales prices and rentals _____

(6) The relative strength or weakness of this neighborhood compared to others with respect to market activity in the future _____

Neighborhood analysis section of the inspection and appraisal form recommended by "The Home Mortgage Loan Manual"

closed properties held by mortgagees, a decline in sales prices or rentals, or a lengthening of the time required to dispose of properties.

The inspection and appraisal report form presented in "The Home Mortgage Loan Manual" provides for the appraisal of this risk factor in a section called "Neighborhood Analysis," which is here illustrated. The items covered have been selected as being those that have the most significant influence on the quality of the mortgage.

To make an accurate prediction of what will happen to values in a neighborhood over a period of 10 or 20 years would require the use of a crystal ball; but by giving careful consideration to the items included in the form, to their relative importance in the pattern of the individual loan, and to their relationship to one another, the appraiser will be able to form as reliable an opinion as can be reached on the basis of present conditions, of the direction in which neighborhood values are beginning to move or are likely to move in the future.

As time goes on and other properties in the neighborhood are appraised in the same way, a valuable body of information on the neighborhood can be built up in the files of the bank, with conflicting reports checked against one another, errors corrected, and differences reconciled.

"The Home Mortgage Loan Manual" does not pretend to offer a mechanical formula for rating mortgages. The information called for in the inspection and appraisal form requires the interpretation of facts, and it is here that experience and judgment on the part of the appraiser are essential. No mechanical device can replace this experience and judgment. The form only points out items that merit consideration in formulating an estimate of value.



New workers may
make mistakes...

*but mistakes
are easier to find
and fix with*
RECORDAK



YOU have some new workers. They're willing, industrious, and you're happy to have them with you. But they're new to banking, and, for a time, they may make mistakes. Mistakes that must be located and corrected.

That's going to be a lot easier and quicker, if you are one of the banks equipped with Recordak.

For Recordak systems provide picture records of checks, statements, deposit tickets . . . all items handled. So, naturally, tracking down errors, and correcting them, is a lot quicker and easier.

To take a probable error . . . a misdirected transit letter reported lost. A Recordak "photographic duplicate" of the checks involved can save literally hours of time otherwise wasted in searching. Time that is precious indeed in these days of skeleton staffs. Recordak Corporation, Subsidiary of Eastman Kodak Company, 350 Madison Avenue, New York, N. Y.

One of a
series on

RECORDAK

contributions to better
banking in wartime

Interest Rates Decline

DALE E. HOFFMAN

MISS HOFFMAN is research assistant, Bank Management Commission, American Bankers Association.

INTEREST rates paid by banks on time deposits continued to decline during 1942, according to recent data obtained by BANKING from clearinghouse associations in all sections of the country. At the beginning of 1943 the prevalent maximum rate of interest paid by banks throughout the country was 1 per cent, compared with the 2 per cent maximum which had prevailed from 1935 to 1941. The downward trend of interest paid rates has been in effect since 1933.

The current survey covers clearinghouse associations in 86 cities and towns in 44 states and the District of Columbia. The following questions were sent to 102 clearinghouses in 45 states:

1. *What is the approximate range of interest rates being paid on time deposits?*
2. *How does this compare with a year ago?*
3. *In your opinion what is the present trend of rates?*

In answer to the third question 52 of the 86 reporting associations replied that they believe the trend of rates is still downward and 24 are of the opinion that rates will continue at their present levels. None of the clearinghouse officials think interest rates will be increased.

Time Deposits

Lower interest rates on savings or other time deposits are being paid now in 52 more cities than a year ago, while in 33 cities rates are the same as a year ago. Of the 33 cities reporting unchanged rates, however, 20 indicated that the trend appears to be downward. Further, several clearinghouse officers expressed the opinion that interest rates paid on these deposits should be discontinued altogether.

A maximum rate of 1 per cent on savings deposits was reported by banks in 53 of the 86 cities, compared with a maximum rate of $1\frac{1}{2}$ per cent in 19 cities and 2 per cent in eight cities. Other maximum rates reported were $2\frac{1}{2}$ per cent in two cities, $\frac{1}{2}$ of 1 per cent in two cities, and $\frac{1}{8}$ of 1 per cent in one city. One association replied that no interest at all is paid on savings accounts, while another said that six of its eight member banks are not paying interest.

Rate Scales

In a majority of the reporting clearinghouse associations a scale of rates, in which the rate paid decreases as the size of the deposit increases, is employed. Banks in a number of these associations pay no interest on balances over a specified amount, such as \$5,000, \$2,500, \$1,000, or \$500. One clearinghouse said that no interest is paid on amounts over \$5. Other associations reported no interest paid on amounts under a stated balance, as \$500, \$50, or \$25. Under the scales of rates, the lower rate of interest paid on larger balances ranges usually

from $\frac{1}{4}$ of 1 per cent to $\frac{1}{2}$ of 1 per cent, or to no interest at all. A typical scale of interest rates was: 1 per cent on the first \$1,000; $\frac{1}{2}$ of 1 per cent from \$1,000 to \$5,000; and no interest on balances over \$5,000.

States in which one or more clearinghouse associations reported a maximum rate of 2 per cent paid on savings deposits were Colorado, Indiana, Iowa, Rhode Island and Virginia. Rates less than 2 per cent were shown in all other states except Connecticut and Massachusetts where one association in each state replied that the maximum interest rate paid was $2\frac{1}{2}$ per cent. This was the highest rate reported.

In most cities regulations of clearinghouse associations govern the maximum rate of interest paid by member banks. It was pointed out, however, that in a number of cities banks actually are paying a lower rate of interest than the maximum allowed. Reasons given by clearinghouse officers for the low interest rates paid and the continued downward trend were the tremendous increase of deposits, the decrease of loans, and the low return on high grade investments.

More Than Can Be Earned

Bankers from all sections of the country expressed the opinion that even the present low rates were more than could be earned on deposits. Describing the general situation, an official in Louisiana said: "For the past several years banks in all sections of the country have been reducing their savings interest rates from time to time and restricting the amount entitled to interest, with a few banks paying no interest at all for some time. There is no reason to think that savings interest rates will be increased until banks experience a decided decrease in deposits, increase in loans and increase in investment securities, into which most of these savings funds have been going."

A similar viewpoint came from New Hampshire: "A definite decision pertaining to a reduction of interest rates will probably be made within the next few months, as deposits are increasing rapidly and loans are decreasing. With this trend and with expenses mounting, it does not seem possible that banks can maintain their present rates of interest."

The secretary of an association in California said: "Some of the members of the association have had occasion to turn down large amounts offered for deposit in savings accounts stating that they were not interested since they could pay nothing for the use of the money."

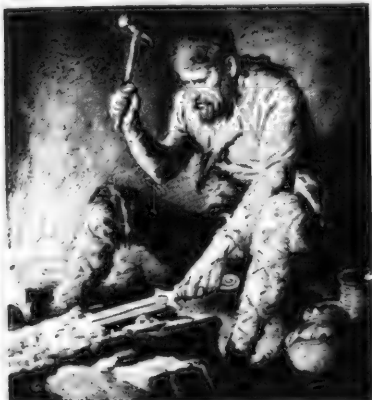
On the other hand, it was pointed out by the manager of a New Jersey association that despite rate reductions and limitations on accounts, it is interesting to note that savings accounts are increasing in totals, although decreasing in the number of accounts.

By way of summary, it is obvious that the downward trend has not much farther to go.

TIME MARCHES BACK...THE BRONZE AGE

Priority for Mars

Haya, mate of Harth the Mighty, was annoyed when she awoke that morning some thousands of years ago. Crouched on his haunches at the mouth of the crude shelter, her spouse was industriously pounding the family utensils and ornaments into weapons. If he bothered to explain at all, Harth grunted that the tribe was at WAR... that household use of the gleaming metal was out for the duration.



... cooking pot into sword

And this year of war, 1943, found many a U. S. housewife in a similar dither. She wanted brass fixtures for the bathroom, copper gutters, flashing and bronze screens. But America was at war—victory was dependent on copper alloys for the machines and munitions of war. For home building the vital metal was out—until men again laid down their arms.



Supply... and Demand

America produces a great part of the world's copper, also a large percentage of the world's brass, an alloy of copper and zinc. Largest fabricator in the field is The American Brass Company, operating 13 U. S. A. and Canadian plants.

As a result of research started over a century ago, and continuing today, the industry has developed a thousand uses for copper and its alloys. American life is safer, more comfortable, convenient and attractive because copper has properties unmatched by other metals. Copper alloys don't rust, they take a handsome polish, are more easily fabricated into desired shapes, adaptable to more purposes.

In peacetime, the output of copper is ample to supply the ever-increasing demands of industry. But war as it is fought today, requires the entire peacetime output, plus many millions of additional pounds.

Where it Goes

Hundreds of thousands of pounds of Anaconda Copper and Brass are turned out every day by American Brass Company workers for making shell cases alone. Imagine the amount needed for just calibre .50 machine gun cartridges, which may spew from the modern fighter plane at the rate of 3,500 per minute... and for the huge steel projectiles fired from heavy artillery and battleship guns, each of which requires a copper or copper alloy rotating band to give the projectile the spin that insures accuracy in flight.

Transportation

Copper and its alloys produced by The American Brass Company are vital too, in the field of transport. In the railroad industry, for example—an electric locomotive may contain 75,000 pounds of the red metal. Trucks, jeeps, tanks, ships, planes—every vehicle of transport that man's ingenuity has produced depends on copper.

First Front

The American Brass Company workers were among the first to receive the coveted Navy "E" Pennant for five of the Company's plants, thus carrying on a tradition of production efficiency associated with Connecticut Valley people since Colonial times. Today, they are proudly flying the joint Army-Navy "E" Pennant for outstanding production. Employees know that 100% of their output of Anaconda Copper and Brass is being used to defeat the Axis. This great army of workers... with their more than 3,300 former fellow employees now in armed services... comprises an important contribution to the Nation's fighting strength.



... one of five at American Brass

Wanted: Copper Scrap

As the tempo of war swiftly rises, the nation appeals to the public for scrap copper and brass. As in the production of steel, scrap copper is important in the production of new metal. Mining capacity alone cannot meet the nation's expanded wartime needs. Scrap must make up the deficit. Inducement to citizens who think it isn't worthwhile to turn in the small quantity of scrap copper and brass they have on hand: relatively, a single pound of copper scrap is as important as 45 pounds of steel in prosecuting the war effort. Cooperate with the local salvage committee.

Consolation

Even though copper alloys are "out for the duration" so far as the average householder is concerned, the post-war era will find them even more important in the scheme of peacetime living. For, research leading to new and more economical uses of copper and its alloys continues unabated... has even been speeded by the urgency of war.

When Victory has been won... when the copper now needed for war materials is again available for building and manufacturing purposes... copper and its alloys will play a greater role in the American scene.

Published in the interest of a better informed war effort by
THE AMERICAN BRASS COMPANY

General Offices: Waterbury, Connecticut • Subsidiary of Anaconda Copper Mining Company





GRADUATE SCHOOL SECOND MAJOR STUDENTS AT RUTGERS: *Left*, Anthony F. Pepe gets a shine; *center*, Charles W. Dunn (circled in white) at an economics class; and Paul R. Mills, *right*, at the tennis courts

Students Apply G. S. B. Training

IF further proof is needed that bankers, regardless of position, are humble seekers after knowledge, evidence may be found in a breakdown of the occupational classifications of student-bankers who attended the 1942 resident session of The Graduate School of Banking at Rutgers University in New Brunswick, New Jersey.

Included in the 542 total were eight presidents, 37 vice-presidents, 33 assistant vice-presidents, 34 cashiers, five treasurers, 13 secretaries, one superintendent of banks, 15 trust officers, 31 assistant trust officers, seven comptrollers, 17 bank examiners, 119 assistant cashiers, 39 assistant secretaries, and 33 assistant treasurers.

From the time Graduate School students arrive at Rutgers, however, titles are dropped and no more distinction is given bank presidents by the students and faculty than is shown the humblest student bank executives. This has the effect of removing all sense of rank and an atmosphere of good fellowship prevails. No identifications are carried by anyone.

Student recognition of the practical benefits derived from the Graduate School instruction (which combines the case system and the lecture-discussion method) and campus associations is evidenced in many ways. One of the most obvious is the fact that six students, after completing one three-year course in one major, have registered for a second term in another major.

AMONG the second-term registrants are:

Anthony Pepe, president, Bank of Bogota, N. J.; Paul R. Mills, cashier, First Camden National Bank & Trust Company, Camden, New Jersey; and Charles W. Dunn, secretary-treasurer and trust officer, Franklin Bank and Trust Company, Evansville.

A BANKING reporter sought the views of these three repeat students to ascertain why they took a second major. Here, briefly, are their answers:

"The growing importance of the bond investment account," Mr. Pepe said, "prompted me to enroll again for the investment course. (First major: commercial banking.)

"The knowledge gained at the Graduate School has proven invaluable. Cooperation with my board of directors has been immeasurably simpler and more effective. The experience also affords me an opportunity, in a small way, to make some contribution to that ever broadening sphere of influence in the interests of private banking.

THE Graduate School of Banking has a faculty of almost 50 lecturers, including bank executives, college professors, accountants, economists and lawyers.

Five new lecturers who will be heard during the 1943 resident session from June 14 to 26, are:

Murray Olyphant, assistant vice-president, Chemical Bank and Trust Company, New York; Everett N. Hatch, secretary, New York Savings Bank Life Insurance Fund and executive secretary, New York Savings Bank Life Insurance Council; August Ihlefeld, president, Savings Banks Trust Company and president, Institutional Securities Corporation in New York; Francis M. Knight, vice-president, Continental Illinois National Bank and Trust Company of Chicago, and Joseph Earl Perry, Commissioner of Banks for Massachusetts and president, National Association of Supervisors of State Banks. Messrs. Hatch, Ihlefeld, and Perry will lecture on savings management; Mr. Olyphant and Mr. Knight on government investments.

Last but not least, I value the many lasting friendships."

Mr. Mills explains his second term in these words:

"I first entered the Graduate School to major in commercial banking and minored in investments. I wanted first to lay the foundation for my day to day work. The minor course was of sufficient interest that I determined to learn more of this subject.

"During the time I was a student—this will be my sixth consecutive year on the campus—I have advanced from the position of manager of the personal loan department to cashier."

"The establishment of the Graduate School in 1935," says Mr. Dunn, "pleased alert bankers and trust men. It was an opportunity to broaden their knowledge of commercial banking, savings, trusts and investments.

"While I am essentially a commercial banker, we are required by public need to conduct a trust business. The training in trust business and trust law at the G. S. B. was so thorough and beneficial that I decided to re-enter in commercial banking.

"I felt that such training was the best way to keep abreast of the rapid changes in banking, and that there was no other place in the world where so much concentrated bank education could be acquired so quickly and at bargain prices."



The LEGAL ANSWER PAGE



Bank Directors—State Legislation

What should a state or national bank director know about state legislation?

ALTHOUGH a national bank is directly concerned with the National Bank Act, the Federal Reserve Act, and the Federal Deposit Insurance Act, it is also vitally affected by state legislation. While a bank director cannot be expected to be as concerned as bank officers and bank counsel with respect to state legislation, such legislation is fully as important as many other matters discussed at board meetings. Furthermore, bank directors with major interests other than banking have direct and indirect legislative influence which may be more effective for banking legislation than that of bankers. Serious consideration should be given to placing state legislation on the agenda of board meetings. Attention might be given to (a) the banking laws generally; (b) pending legislation; (c) legislation enacted at the present session of the legislature; (d) recommendations by bank officers or counsel of needed changes in state statutes; and (e) the desirability of an entire revision of the banking laws.

The following measures are on the American Bankers Association state legislative program:

1. Model banking board act;
2. Model bank supervisory act;
3. Model bank chartering act;
4. Bank collection code;
5. Payment of forged or raised check act;
6. Fictitious payee act;
7. Uniform fiduciaries act;
8. Non-payment of check through error act;
9. Payment of stale check act;
10. Time limit on stop payment act;
11. Final adjustment of statements of account act;
12. Deposits in two names act;
13. Deposits in trust act;
14. Adverse claim to bank deposit act;
15. Competency of bank and corporation notaries act;
16. Uniform trust receipts act;
17. Uniform stock transfer act;
18. Uniform principal and income act;
19. Model bank employees' bonding act;
20. Reporting violations of banking law act;
21. Model power of sale mortgage foreclosure act;
22. Burglary with explosives act;
23. Check or draft without funds act;
24. False statements for credit act;
25. Forwarding check direct to payor act;
26. Holiday bank transactions act;

27. Lien of Federal judgment: filing and recording act;
28. Negotiability of interim certificates act;
29. Non-member bank reserve act;
30. Personal instalment loan act;
31. Repeal of double liability of state bank stockholders act;
32. Robbery with dangerous weapon act;
33. Saturday afternoon bank transactions act;
34. Slander and libel of bank act;
35. State arbitration act;
36. Uniform bills of lading act;
37. Uniform filing of Federal tax liens act;
38. Uniform sales act, and amendments; and
39. Uniform warehouse receipts act, and amendments.

In addition to the American Bankers Association program, the Committee on State Legislation recommends the following wartime and emergency state legislation:

1. Limitations on state bank loans to one borrower—amendment exempting federally guaranteed obligations, including Regulation V loans;
2. State taxation of banks;
3. Statute authorizing delayed posting;
4. Validation of powers of attorney executed by soldiers and sailors;
5. Validation of liens on assigned accounts receivable;
6. Statute vesting authority in state banks to act as issuing agents for sale of War Savings Bonds and Stamps; and
7. Statute authorizing clearinghouse agreements fixing service charges and interest rates.

A bank director might quiz himself by asking with respect to each listed measure:

1. What does it mean?
2. Has it been enacted in my state?
3. Is it pending legislation?
4. How important is it for my bank that it become law?
5. Shall our bank recommend to the state bankers association that it be put on the legislative program?

Accounts Receivable

What are the outstanding features of the Corn Exchange National Bank and Trust Company v. Klaunder decision by the United States Supreme Court on March 8, 1943?

THE Bankruptcy Act, §60a, provides that it is only a transfer for a *past* consideration within four months before the filing of a petition in bankruptcy that can be set aside as a voidable preference, but the Chandler Act of 1938 added the provisions that a transfer "shall be

deemed to have been made at the time when it became so far perfected that no bona-fide purchaser from the debtor and no creditor could thereafter have acquired any rights in the property so transferred superior to the rights of the transferee therein" and that if not earlier "perfected" the transfer shall be deemed to have been made immediately before the filing of the petition in bankruptcy.

Accounts were pledged to a bank between January 19, 1940 and April 5, 1940 for contemporaneous loans in a notification state without notifying the debtor, which meant that the

assignment was not so "perfected" as to bar a second assignee from getting prior rights. It is clear that if the assignment had been made before the four months' period it would be considered under the Chandler Act as made within the period. The court held that the pledge was deemed to have been made immediately before the filing of the petition in bankruptcy on April 18, 1940 and that since this was later than the time of the assignments, they were for a past consideration. Justice Roberts dissented on the basis of several court opinions directly in point to the effect that Congress did not intend to render voidable

the giving of security for a present loan by which the debtor's estate would be in no way depleted.

The decision seems revolutionary with far-reaching effects not limited to accounts receivable but extending to all types of transfers for present consideration such as real estate and chattel mortgages, trust receipts, and sales for full value. For example, a real estate or chattel mortgage or a deed of real property is executed March 1 and recorded on May 1. The transfer is deemed to have been made May 1, but the consideration was given March 1, and, therefore, if the logic of the opinion is applied, the transfer was for a past consideration and if the other elements are present, it can be set aside as a voidable preference. When something is "deemed" to be other than what it is, the results cannot always be seen in advance.

WHY did the court transform a present into a past consideration? The opinion indicates that the reason was opposition to "secret liens," and to non-notification accounts receivable financing which was held to involve such liens. Its critical attitude towards this type of financing was based in part upon its statement that the charges were from 9 to 20 per cent per annum, citing in support *p. 131 et seq. of Accounts Receivable Financing, Saulnier and Jacoby*, published in January 1943, by the National Bureau of Economic Research. Unfortunately, the court did not notice the statement on p. 136:

"Summarizing, the level of charges in accounts receivable financing, expressed in annual effective rates on money in use, varies all the way from a low of 5 or 6 per cent for certain receivables loans of commercial banks to a high of 20 per cent (exclusive of bonding expense, delinquency charges, etc.) for certain of the clients of commercial finance companies."

If loan charges are excessive, the court is justified in stating that an assignment of accounts receivable is a "symptom of financial distress," but charges of 5 or 6 per cent do not warrant any such statement. The court's mistake of fact as to the rate of charges should lead to its reexamination of the case.

A study should be made to determine what changes, if any, should be made in the voidable preference provisions of the Bankruptcy Act. The court seems to imply that these provisions should be uniform throughout the nation rather than dependent upon the law of the various states.



SINCE THE organization of this Bank in 1863, it has continuously carried United States Bonds as an investment. Experience gained in buying and selling Government issues makes the service of our Bond Department of special value in connection with the issues of

UNITED STATES TREASURY BILLS AND CERTIFICATES OF INDEBTEDNESS

Inquiries by telephone, wire, or mail are invited, and quotation sheets will be mailed on request.

Telephone Franklin 6800 — LD 92-93-313
Teletype CG 987

**The First National Bank
of Chicago**



No matter how little you use your car, *read this*
...it may save you thousands of dollars!

No matter how infrequently you use your car these days—no matter how short a distance you're going—there's always the possibility of an accident.

By driving carefully you're helping to prevent needless deaths and injuries that aid our enemies. You're conserving rubber, gas, your car. Yet in spite of all your care, you may injure someone.

If it SHOULD happen . . .

How would you be fixed? With living costs what they are—with your War Bond buying to carry on—could you meet a damage suit for ten, twenty or fifty thousand dollars?

Don't risk a staggering loss! The re-

cent war-time premium reduction enables private car owners to get the protection of automobile damage suit insurance at the lowest cost in history.

You NEED this protection

Maybe you've felt you couldn't afford it before. Can you afford *not* to have it now? If you already carry *some* automobile insurance, wouldn't you be wise to check and broaden its various features?

Talk this over with your Hartford agent* or your insurance broker. Either will be very glad to advise you on the kind and amount of automobile insurance or other forms of insurance protection you should have.

**We'll gladly send you his name.*

Are you protected against serious loss . . .

. . . IF people in your automobile are injured? Reimbursement for their medical expenses may be assured through *Automobile Medical Payments Insurance*.

. . . IF your household furnishings are burned? Fire insurance on your dwelling does not cover furnishings or personal effects—for that protection you should have *Contents Fire Insurance*.

. . . IF an employee steals a large sum? Especially today, when so many new people are being employed, your business needs the protection of *Fidelity Bonds*.

. . . IF your wife's fur coat is damaged or destroyed? Damage or loss from practically any cause, anywhere, can be covered through *Fur Floater Insurance*.

. . . IF a check on your bank account is forged or raised? You can avoid this potentially serious loss through *Depositors' Forgery Insurance*.

HARTFORD INSURANCE

Hartford Fire Insurance Company • Hartford Accident and Indemnity Company

THE TWO HARTFORDS WRITE PRACTICALLY EVERY FORM OF INSURANCE EXCEPT LIFE



HARTFORD, CONNECTICUT

METHODS and IDEAS

Foreign Service

A FIVE STAR public relations job is being done by the CHASE NATIONAL BANK'S foreign department with a new wartime banking service designed especially for American doughboys overseas.

Through foreign branches and correspondents, the CHASE features a cable remittance service, with the privilege of a 10-word personal message, to any point in the United States, at the cost of the cable only.

Such orders are accumulated for perhaps a day, then cabled to the New York home office, where cashier's checks are drawn and the message typed across the face. If instructions to the bank include the purchase of candy or flowers or what-not with part of the remittance, these requests are filled with dispatch.

More than 25,000 cables have been cleared for the friends, relatives and sweethearts of service men. This facility is more than a friendly gesture; it is packed with human relations . . . and romance. One lad, spirited away in haste, wired some cash to his girl friend in Iowa with instructions—"Buy an engagement ring with this."

Exhibit

HAVING DONE much to perpetuate and glorify the memory of sailing with an extensive collection of prints and models, the STATE STREET TRUST COMPANY of Boston undertakes a similar program, this time on aviation. Colored lithographs of early balloons, first planes and historic flights, wood engravings of early experimental contraptions and colored prints and photographs of new machines, gathered from manufacturers and depositors, have been placed on view in the bank lobby. The bank intends to augment the collection as time goes on with the expressed purpose of maintaining customers' interest in the future of aviation.

War and Property

THE TRUST department of the SECURITY-FIRST NATIONAL BANK of Los Angeles issues an attractive brochure interpreting fiduciary services in the light of current events. "The War and Your Property" considers the dislocation of normal business which reflects in problems of maintaining family income. Text, tables, and illustrative cases are given for various trust programs.

Bond Promotion Calendar

(Tie-in dates and themes for War Bond Advertising)

★

April 6—Army Day.

April 13—Jefferson's Birthday (200th Anniversary).

April 19—Patriot's Day. Commemorating Battle of Lexington and Concord.

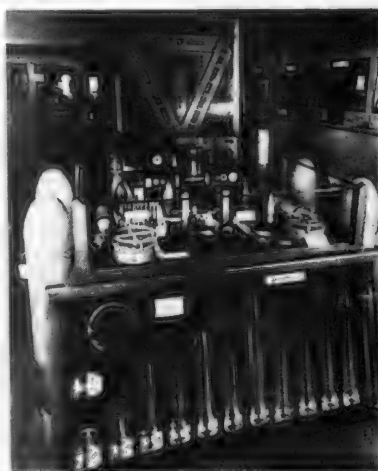
April 30—150th Anniversary of Washington's First Inauguration.

Handling Costs

A RECENT SURVEY of War Bond selling cost in Nebraska for 1942 indicates that local banks accounted for 85 to 90 per cent of the \$60 million total, without expense to the Government. The expense of extra clerical help, working exclusively on War Bonds in Lincoln and Omaha banks alone totaled \$75,000 for the year, and approximately \$125,000 for the entire state.

This survey seems to be the first covering a statewide banking organization. It compares favorably—considering the composite picture of banking, industry and population—with the per unit cost reported in a sampling study of 100 representative banks in large metropolitan areas. Individual costs ran from 10 to 50 cents per E bond with individual bank totals often exceeding the \$100,000 per year mark.

The Malden Trust Company, Malden, Massachusetts, found this exhibit of lethal weapons a real stimulant to War Bond sales



Stranger

THE ADMIXTURE of persecuted vanity and indignation which the stranger affects upon refusal to cash his check, is driving a group of enterprising hotel men in New York City to find a solution. Recognizing the position of banks and the universal rule of positive identification, also the fact that identity is not always readily established and time to the traveling man is of the essence, the group advocates more widespread use of the hotel credit system. Once an account has been established with a hostelry, check cashing becomes as easy as at the home-town bank.

According to the *New York Times*, which carried the story recently, New York banks favor the plan and feel that much valuable time will be saved at teller's wicket for those to whom check cashing regulations apply. Another solution, often advanced, is that of educating the customer at the source as to the limitations of his checking account.

Farm Loan Plan

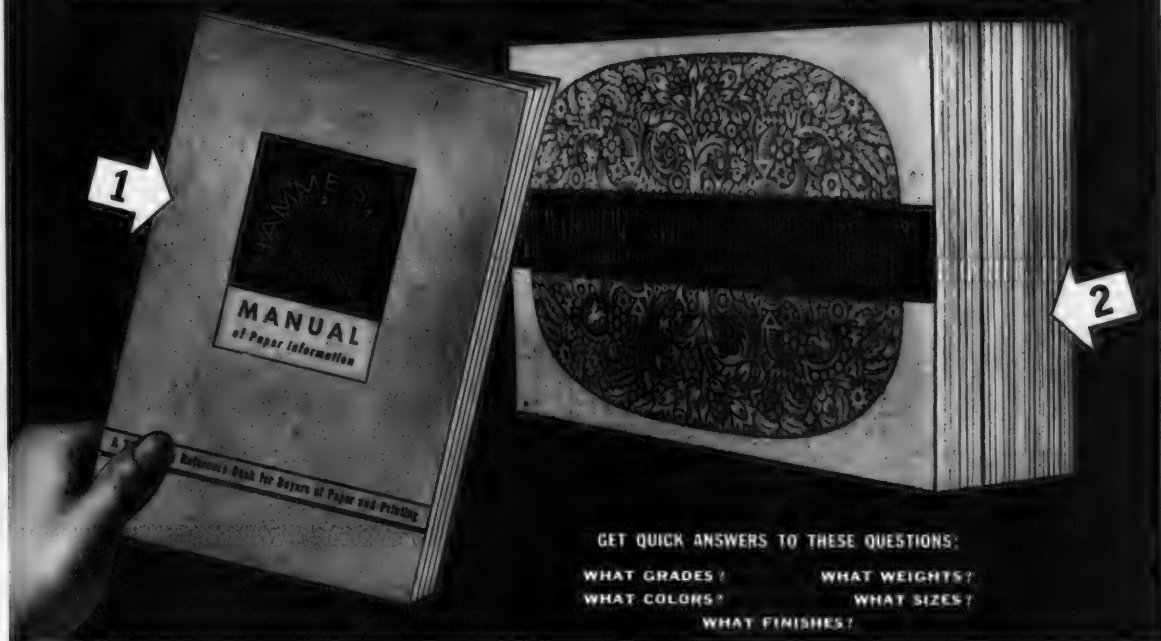
A PLAN FOR combating government-subsidized farm credit was announced recently by the CHENANGO COUNTY (New York) CLEARING HOUSE ASSOCIATION. According to Chairman Nicholas Jamba, assistant vice-president of the NATIONAL BANK AND TRUST COMPANY of Norwich, the plan is as simple as ABC. A committee, on which all banks in the county are represented, has issued to farmers, individually, and through their organizations, simplified and uniform loan applications which may be filled out and presented to any county bank.

Meanwhile, the applications and the advantages of bank credit are being explained in a series of cooperative advertisements and by direct personal contact.

When a farmer applies for credit at one member bank and that bank, for some reason, does not wish to make the loan, it is turned over to a committee which either places the loan with another member bank, or, if necessary, aids the applicant to obtain a PCA loan or some other type of credit. In this way, the banks are never in the position of flatly refusing a farm loan applicant. It helps maintain favorable banker-farmer relations, and effectively minimizes subsidized credit.

(CONTINUED ON PAGE 62)

TO BANK EXECUTIVES WHO ARE RESPONSIBLE FOR BUYING STATIONERY



... Hammermill offers 2 time-saving helps

BUYING PRINTING can be a tedious job — if every order means checking on half a dozen different lines of paper. But it's a job you can take in your stride — if you use these Hammermill purchasing helps:

1. MANUAL OF PAPER INFORMATION — pocket-size, conveniently indexed. Gives buying information about all Hammermill papers. Whether you are ordering checks, letterheads and envelopes, forms, accounting record sheets or file cards, this manual will help you order the right paper in the most economical sizes and quantities.

2. COMPREHENSIVE SAMPLE BOOK of Hammermill Papers — 230 pages, handy desk size. It samples colors, weights and finishes of 25 different types of paper —

including Hammermill Safety, Bond, Ledger, Posting, Offset, Opaque, Mimeograph and Duplicator — practically every kind of paper you will buy for your bank. It shows you what you are ordering.

If you buy the stationery for your bank, you'll want these time-savers on your desk. For free copies, mail the coupon.



When you specify Hammermill Paper, you draw on the largest stock of standard grades of paper in the world. This is on hand at Hammermill agents in 101 cities.

FOR YOUR CHECKS specify Hammermill Safety — paper that meets all the ABA recommendations for "Sulphite Protective Paper." Though easy to write on, watermarked Hammermill Safety stands hard usage in and outside the bank. Its extra protection includes erasure betrayal and chemical reaction. Choice of six attractive colors in three distinctive designs enables Hammermill Safety to meet your individual requirements.

Hammermill Paper Company, Erie, Pa.

Please send me, by mail, free copies of the Hammermill Manual of Paper Information and the Comprehensive Sample Book of Hammermill Papers.

Name _____ Position _____
(Please attach to your bank letterhead) B-AP

MAKERS OF PAPER FOR BUSINESS USE FOR OVER 40 YEARS



The First National Bank of Palm Beach, Florida, installs a "News Teletype Printer" to give customers news hot off the AP wire

METHODS—Continued

Brooklyn Bombers

THE 21 SAVINGS banks of Brooklyn, New York, are serving as "community centers" at the request of the Treasury for the "Brooklyn Bombs Berlin" campaign. When depositors roll up a purchase of \$350,000 in War Bonds at their local bank, a Flying Fortress officially christened "The Spirit of Williamsburgh," "The Spirit of Bushwick," "The Spirit of Flatbush," or the name of some other well-known savings institution will take the air over Germany. Typical of the promotion behind the campaign is the GREEN POINT SAVINGS BANK "B" (for bomber) mail theme which is carried on effectively in newspaper advertising and bomb design cut-out leaflets.

Save and Serve

THE SAVINGS BANKS of New York State are co-sponsoring promotion of a unique and up-to-the-minute guide book for wartime living, called "800 Ways to Save and Serve," compiled by Michael Gore and eight home economics experts. This 65-page manual contains chapters on rationed wardrobes, care of appliances, first-aid for the car, ideas that cut gas, electric and phone bills, etc., with a final chapter on "Why Save in a Savings Bank?" It was introduced as a radio offer last month by the campaign's eight commentators who advised the listening audience to obtain free copies at their nearest savings bank, or to send 10 cents for a mail copy. The initial offer will be followed by newspaper advertising and other promotions.

(CONTINUED ON PAGE 64)



THE GREAT New York fire of 1835 wiped out a number of local fire insurance companies. This catastrophe served as an example to other companies—emphasized the importance of *spreading out* their risks rather than limiting liabilities to any one community.

The National Union Fire Insurance Company is licensed to transact business in 47 states, as well as in Alaska, Hawaii, Puerto Rico and Canada. During its 41 years of operation, outstanding gains have been

made in financial strength, prestige and agency connections. National Union and Birmingham agents know the value of our modern facilities and wholehearted cooperation under trying war-time conditions.

National Union
and Birmingham
FIRE INSURANCE COMPANIES
PITTSBURGH · PENNSYLVANIA



This striking War Bond sales booth at the entrance to the Upper Avenue National Bank of Chicago features the slogan "Be A Model Citizen"



SAVES 40% MANPOWER *PLUS*



DIEBOLD

Cardineer

ROTARY FILE

**releases 2 out of 5 workers
for other vital needs**

**PLUS INCREASED
EFFICIENCY
BECAUSE CARDINEER**

- Speeds transactions
- Allows division of work
- Can be moved where needed
- Centers work at desk height
- Prevents eyestrain and fatigue
- Permits quick transfers
- Occupies small space

Banking and financial institutions have long recognized Cardineer's outstanding advantages. And experience in the banking field has shown that for signature cards, safe deposit records—wherever a card record is used—Cardineer will do it better, faster, cheaper.

Under war conditions, saving manpower assumes top-drawer importance and Cardineer enables three people to do the work of five—a saving of 40%—and with increased efficiency.

You can begin manpower saving, or you can meet a manpower shortage at once. Cardineer is built from non-critical materials and is available immediately.

Ask your dealer, or write today to our Methods Division, Dept. 2-4.

DIEBOLD SAFE & LOCK COMPANY
CANTON, OHIO

BRANCH OFFICES IN PRINCIPAL CITIES



DIEBOLD

Complete service of locks
and vaults by Diebold's
factory trained men.

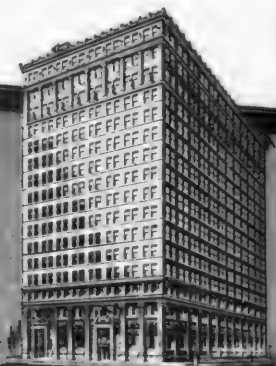
PROBLEM

How to collect Wisconsin items promptly, efficiently, at low cost? . . . and how to keep posted on wartime changes throughout this vital industrial-agricultural production area?

SOLUTION

Bank at the FIRST WISCONSIN — "Wisconsin's bank for banks" — long outstanding as Milwaukee depository for more than 85 per cent of all the hundreds of banks throughout this state.

★ With resources totaling over \$360,000,000 the First Wisconsin is Wisconsin's largest bank . . . 31st in size among the 15,000 banks in the United States.



FIRST WISCONSIN NATIONAL BANK

of MILWAUKEE



Established 1853

MEMBER OF THE FEDERAL DEPOSIT INSURANCE CORPORATION

METHODS—Continued

War Memorial

IMMORTALIZING OUR heroes in stone and bronze as a tradition will doubtlessly live on, but an idea has been advanced by Vic Cullin of the MISSISSIPPI VALLEY TRUST COMPANY, St. Louis, that has great possibilities. He advocates memorial trusts. In the post-war period many organizations, countries and individuals will no doubt be moved by the same patriotism as in the past to raise funds for various memorials. These funds placed in trust for the benefit of a useful purpose offer, according to Mr. Cullin, a real opportunity of service and good public relations.

Victory Gardens

THE TRUST COMPANY OF GEORGIA (Atlanta) is sponsoring an employee victory garden contest, with prizes totaling \$210. The awards, ranging between \$10 and \$40, will be given for the best all-round garden, for the best exhibit of products and for the family canning the largest quantity of fruits and vegetables per member of family, regardless of whether the products are home grown or purchased. The only requirement is a garden of 900 square feet. The bank donates the seeds.

Tax Checks

THE EAST NEW YORK SAVINGS BANK made a timely offer last month to income taxpayers—a free tax check drawn to the order of the Collector of Internal Revenue. The bank waived all fees and the restrictions normally limiting the issuance of cashier's checks to depositors only.

(CONTINUED ON PAGE 66)

Tulsa, Oklahoma, dealers sold \$184,000 in bonds on a radio program over KVOO. Two officers of the First National Bank and Trust Company, Tulsa, cooperated



BANKING

Flour or Flaxseed...



Almost Any Inventory Is A-1 Loan Source

Hidden in your files may be valuable clues to a greatly increased loan business. Backed by Lawrence System field warehouse receipts, any readily marketable inventory is sound collateral... and you can lend more money against inventory than on open credit. With Lawrence System, too, the warehoused goods remain on your customers' premises and processing and marketing continue normally. There may be a dozen good prospects for this type of inventory loan among your present customers. And once established in your bank, Lawrence System field warehousing invariably attracts new customers. Get full information from the Lawrence System office nearest your bank.

LAWRENCE SYSTEM *field warehousing*

FOR BANK LOANS AGAINST INVENTORY



New York: 72 Wall St • Chicago: 1 No. LaSalle St • San Francisco: 37 Drumm St • Los Angeles: W.P. Story Bldg.
Buffalo • Boston • Philadelphia • Kansas City • St. Louis • New Orleans • Charlotte, N.C • Jacksonville, Fla.
Minneapolis • Dallas • Houston • Denver • Fresno • Portland, Oregon • Seattle • Spokane • Honolulu



The Niles branch of Central Bank, of Oakland, California, conducts a noon hour War Bond broadcast in the lobby. Children in foreground came to see the show

METHODS—Continued

Pointers

THE ADVENT of point rationing was not without its educational problems. At least one bank, the MARINE TRUST COMPANY of Buffalo, New York, considered that problem an opportunity to be of assistance to women customers. With permission from OPA, the bank reprinted the official explanation of the system and instructions, and the work sheet for individual purchases, and distributed copies to housewives served by all branches in the area.

Tax Problems

AS PART of its attorney cultivation program, the BANKERS TRUST COMPANY of DETROIT is circulating a summary of tax statutes under the title, "The Michigan Lawyer and His Everyday Tax Problems." The booklet covers analyses of subjects with which the Michigan lawyer is commonly concerned, and it is intended to serve as a check list, rather than a treatise on taxation, for problems arising out of Michigan and Federal laws. The text was written by Samuel E. Gawne of the Detroit bar.

How Should Interest Rates Be Stated?

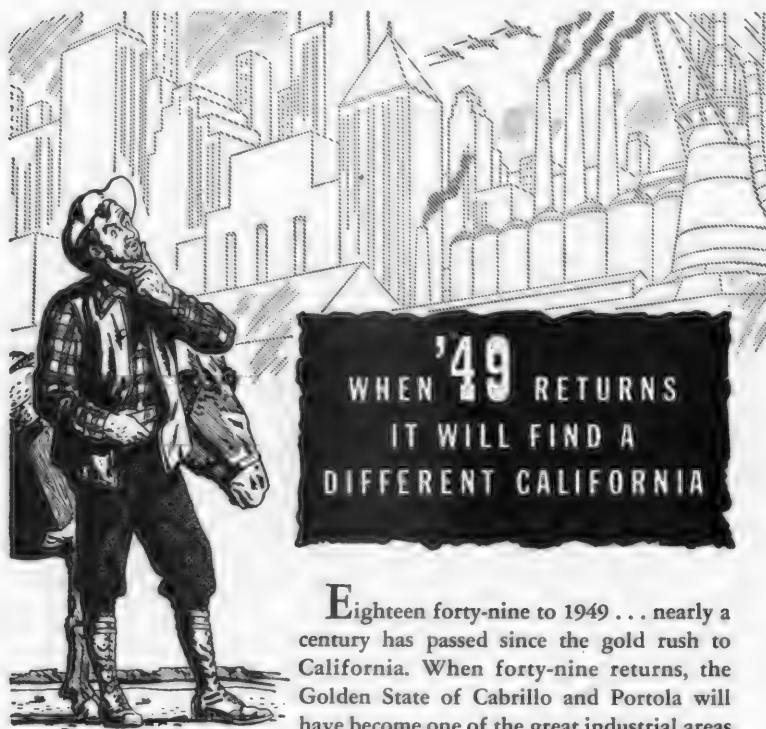
(CONTINUED FROM PAGE 44)

other method of statement permits juggling with one of the two variables: principal and time.

It may be that you would prefer to have these charges stated in dollars instead of percentages if it were possible to do so without sacrificing accuracy and comparability.

This can be done easily by employing the method I recommended and simply using the word *hundred* in place of the Latin word *cent*, which means hundred. This is because "1 per cent per month" means "\$1 per \$100 per month," or \$1 for the use of \$100 for one month. Such a statement of *total* charges would be as acceptable to me as the percentage statement of which it is a translation in dollar terms. It tells the truth about the *rate* and the *time* actually involved.

Some may feel that it would be helpful to the consumer to state the total charges for the *entire period* of the credit as a dollars and cents figure. This might be done *in addition* to stating the total cost per month, but not *in lieu* of the latter.



Eighteen forty-nine to 1949 . . . nearly a century has passed since the gold rush to California. When forty-nine returns, the Golden State of Cabrillo and Portola will have become one of the great industrial areas of the Nation. This transformation, effected

largely in the past ten years and now accelerated by total war, makes California a major consumer market of 7,500,000 people and a vital industrial as well as agricultural producer.

Bank of America serves this *modern* California through branches in more than 300 cities and towns—through a branch banking system which affords an invaluable service and an "on-the-spot" representation to bankers and businessmen throughout the country.

Bank of America

NATIONAL TRUST AND SAVINGS ASSOCIATION

MEMBER . . . FEDERAL RESERVE SYSTEM—FEDERAL DEPOSIT INSURANCE CORPORATION

Complete Banking Facilities - Commercial - Savings - Trust - Safe Deposit
Main offices in two reserve cities of California . . . San Francisco - Los Angeles



Blue and Gold BANK of AMERICA TRAVELERS CHEQUES are available through authorized banks and agencies everywhere. Carry them when you travel.

Heard Along Main Street

Including News from Bankers in Service

EVER take a parachute jump?

Then read this account of one by MARION TROWBRIDGE, U. S. Marines, formerly on the staff of the Valley National Bank, Phoenix, Arizona.

"We were called out this afternoon," he wrote his family, "and six of us went up in a PYB 24. At 2,000 feet the flight officer hooked a quarter of a mile of cord on to a big ring in the side of the ship—the other end was fastened to our rip cord on No. 2 chute—and a few minutes later the ship slowed down into a head wind.

"The bomb bay door was opened and he called our names out. Then he said to jump, count five and pull on the ring.

"Any time you think that doesn't take guts, try it. I looked at the ground and hesitated; then I thought of a line in one of Evey's letters, 'I know my daddy can take it.' I bent over into a

ball, shut my eyes, took a breath (I thought my last), and rolled out.

"I counted seven, pulled like hell on the cord and was still pulling when the second chute hooked on to the plane opened. It slowed me up to a drop of about 20 miles per hour.

"I looked into the sky. All O.K. Then one of my pals was jumping up and down in his harness like a monkey and yelling at me, with both thumbs up (thumbs up means you are all right). I returned the compliment and then looked down.

"Wow! The ground was on end going around one way, my tummy going the other. I looked straight ahead then and could see Los Angeles 156 miles away. Took in a little scenery and before I knew it Mamma Earth hit me a wallop in the pants I will remember for a long time. We only have to do this one time.

"The reason the long cord was fast-

ened to both the plane and the man is that in the event you passed out from fright the chute would open at the end of the cord, but you had to pull the No. 1 chute first."

Chutist TROWBRIDGE was formerly safe deposit guard and assistant at the Valley National Bank, Phoenix, Arizona.

FLYING OFFICER GEORGE A. LITTLE, formerly of The Royal Bank of Canada, Winnipeg, is now a full-fledged member of "The Late Arrivals Club," and wears the insignia of the "Order of the Boot" which that organization bestows upon members.

This airmen's club was founded in the western desert of Africa in June 1941. To qualify for membership a flyer must have been obliged to abandon his aircraft, "on the ground or in the air, as a

Victory

IS HOUSTON'S NO. 1 BUSINESS

IN HOUSTON, TEXAS, the winning of Victory is second to no other activity or effort. In the sale of war bonds, in the production of ships, planes, tanks, parts, in the valor of her fighting and working men, Houston has achieved greatness. Shipyards, training camps, air fields and war production plants that didn't even exist a few months ago are now contributing a huge share of men and materials to the war effort. The spirit that is Houston's shall carry on into the days

of peace when normal business operations are resumed once again. We shall be glad to assist or serve banks in other cities which may have an interest in Houston's industrial and commercial future.

The **NATIONAL
BANK OF COMMERCE**
Gulf Building  Houston

Member Federal Deposit Insurance Corporation

NO RATIONING HERE

The ravages of war cannot destroy—nor scarcity of material things affect—the fundamental elements upon which sound banking relationships have been established.

Good will; friendly cooperation; the desire and ability to extend every needed service—these are to be had at this Bank without restriction. We should be glad to discuss your banking problems with you.

...THE... PHILADELPHIA NATIONAL BANK

ORGANIZED 1803

PHILADELPHIA, PA.

Resources over \$700,000,000

Member of Federal Deposit Insurance Corporation

result of unfriendly enemy action" and then return to his squadron, "on foot or by other means, long after his estimated time of arrival." The club's slogan is "It's Never Too Late to Come Back."



Officer Little wears the "flying boot" on his tunic in the picture above

LITTLE, reports *The Royal Bank Magazine*, "made his way home across the desert on foot after his Sunderland flying boat had been forced down in the Mediterranean." But that, it seems, was only one of his adventures with the R. C. A. F. He was in four crash landings flying over France, Germany, Libya, Malta and Italy, and was forced down on two other occasions.

HERE'S a banker-soldier's report to his family of a trip across the Pacific in a transport. The writer, Lieutenant JOHN ANTRIM, was formerly in the personal loan department of the State-Planters Bank and Trust Company, Richmond.

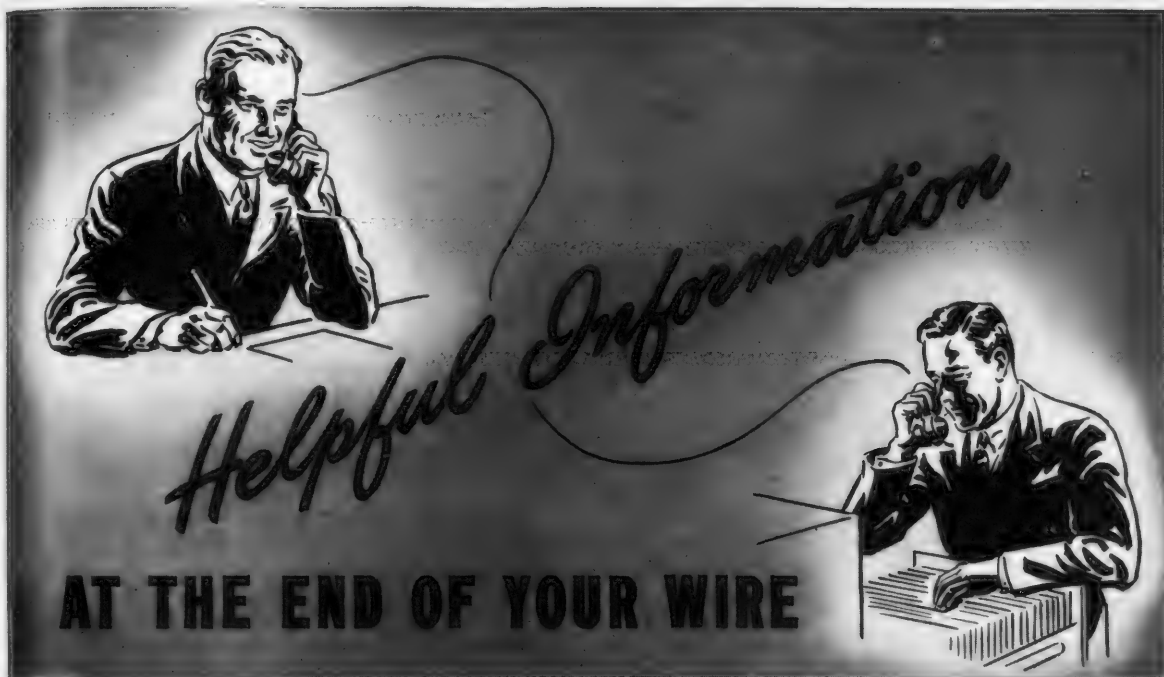
(CONTINUED ON PAGE 70)

Three new vice-chairmen of the War Production Board—*L. to r.*, J. A. Krug, chairman of the Requirements Committee; Ralph J. Cordiner, special assistant to Vice-chairman Wilson; and Donald D. Davis, in charge of operations—talk things over



PRESS ASSOCIATION

BANKING



In each local Burroughs office there is a reference library which contains detailed information on methods, machines and procedures being used in bank operating departments.

This information is constantly being added to as new systems and methods—or even temporary wartime expedients—are installed or observed in action.

If you are contemplating a change in an operating routine or procedure, we invite you to make use of the information we have available. Your request will receive prompt attention.

BURROUGHS ADDING MACHINE COMPANY • DETROIT

★ ★ ★ ★
MANUFACTURING FOR WAR

Manufacture of aircraft equipment for the Army Air Forces and Burroughs figuring equipment for the Army, Navy, U. S. Government and the nation's many war activities is the vital task assigned to Burroughs in the Victory Program.

Burroughs

MAIN STREET—Continued

"Leaving the U. S. A. I thought I would be rather upset on the day I left, but I'm not at all. I'm really thrilled to death. Guess I'll get a lump in my throat seeing the Golden Gate depart from sight, but gee! what a trip I'm going to have! We'll be on this boat at least a month—perhaps two. . . .

"This is a huge ship with an English crew. Traveling first class. We have a private bath plus a private wash room. The officers eat in a beautiful dining room and the food is wonderful, prepared by English cooks and served by

waiters from the Far East. Printed menus for each table. This morning I was awakened by a cabin boy at 7:10. In his arms was a big tray with tea. We each had a cup in bed. Next a rap on the door and the cabin boy wants to know if we're ready for our bath. He fixes the water. We bathe. Such service for the Army! . . .

"At this point I'm somewhere in the Pacific. Oddly this means "peace" but three-fourths of the men found it too rough. I'm o.k. so far. My constant companion these days is my life preserver. Ship rules, rigidly enforced. . . .

"Our meals continue to be delightful

—eating in shifts—second lieutenants, first lieutenants, then the captains and up. There are several women aboard—Red Cross workers and Army nurses. . . .

"What a beautiful day it is! Gradually we have noticed quite a change in temperature—warm and pleasant on boat-deck. The orders are out for officers to change into khaki uniforms tomorrow morning. Must get back to my job of censoring mail. . . .

"WE arrived at a port and actually got off the boat. We took the men on a hike . . .

"Another hike this morning (beautiful flowers), and as if my legs weren't sore enough, I went into town again, alone. I looked at my watch a thousand times and estimated what you folks would be doing. It made me feel that I was there.

"It is Summer here and how odd to see fresh strawberries in fruit stands and people in swimming today. . . .

"At sea again. Pretty rough today. Don't know what we would do without books.

"Everyone is getting restless. The voyage is really long and ours is probably one of the largest troop transports. . . .

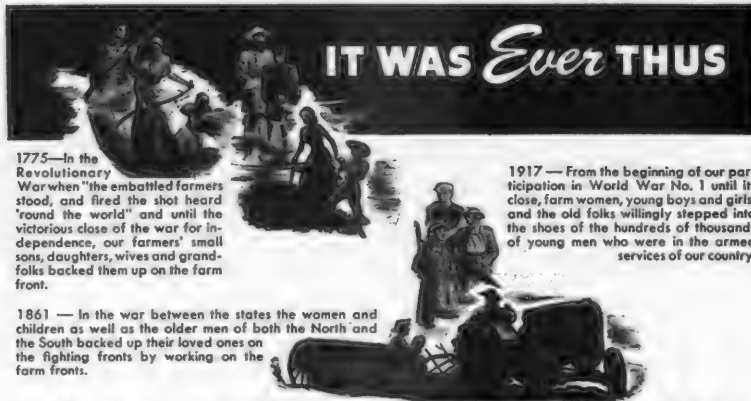
"There is a constant murmur of expectancy on board now since we have less than a week before we land. We all want to start doing something. There are various attempts at forecasting how long it will be before we're making our return voyage. The uppermost thought lodged in everyone's head is the thrill of Victory and the ultimate homecoming . . .

"YESTERDAY we were given a few instructions on the habits, customs, etc., of the people and the land to which we are going.

"The thrill of landing is definitely in the air now.

"I've stocked up on cigarettes—only cost 70 cents per carton on this boat. The sunset on tropical waters is really something, the heat terrific. Hard for you all to imagine.

"Censoring all afternoon. One letter contained an original poem that was excellent—professional work, I believe. The nights have been so unbearable with the heat that it's been next to impossible to sleep. I toss and tumble and think—think of you folks at home and how far it is from this new land I am drawing near. So you see I just have to discount future happiness and use the immediate future and its promise of adventure as a substitute."



1775—In the Revolutionary War when "the embattled farmers stood, and fired the shot heard 'round the world" and until the victorious close of the war for independence, our farmers' small sons, daughters, wives and grand-folks backed them up on the farm front.

1861 — In the war between the states the women and children as well as the older men of both the North and the South backed up their loved ones on the fighting fronts by working on the farm fronts.

1917 — From the beginning of our participation in World War No. 1 until its close, farm women, young boys and girls, and the old folks willingly stepped into the shoes of the hundreds of thousands of young men who were in the armed services of our country.

Again . . . SHOULDER TO SHOULDER

AMERICAN FARM WOMEN, girls, boys and older men have backed up the men on the fighting fronts in every crisis. Their cooperation makes America the happiest place on earth to live in, to work in and to farm in.

About 100 years ago over 80% of our people had to be on farms to feed all. Today, less than 20% are on farms, yet feed and clothe the best fed, best clad nation on earth. Farm machinery, too, helped make America what it is today — this grainery of the United Nations forms the ARSENAL OF DEMOCRACY because American farmers are always ready to use new labor saving machines. Modern machinery has allowed the large percentage of our men and women to go into industry, and so together we have established the highest standard of living in all history.

Minneapolis-Moline and our industry are building all the farm machinery allowed under Government limitation orders. In addition, all are building quality products for our armed forces so that Victory and normal living will be ours sooner. What good if we could supply all the machinery our dealers might want and we lost the war? So urge your customers to Buy War Savings Bonds and Stamps Now — then when machinery is once more available, they will have the money to buy it.

Encourage all your farmer customers to get and keep their farm machines in good repair — get them to put all scrap into the Big Scrap NOW! THE JEEP originated by Minneapolis-Moline in 1938 as a prime mover . . . so named by army men in 1940 . . . three models are now made by MM. Below is the latest model. LATER the name Jeep was applied to many other small army vehicles.

MINNEAPOLIS-MOLINE
POWER IMPLEMENT COMPANY MINN. U.S.A.

BUY WAR SAVINGS BONDS AND STAMPS NOW

THE JEEP originated by Minneapolis-Moline in 1938 as a prime mover . . . so named by army men in 1940 . . . three models are now made by MM. Below is the latest model. LATER the name Jeep was applied to many other small army vehicles.

NAVY LIEUTENANT CLARK E. KAUFFMAN, First National Bank of Leesburg, Florida, was in the first wave of Americans that landed on the coast of Africa.

"With a tin hat, pack on back, .45 pistol and tommy gun, 200 rounds of ammunition, canteen, gas mask, first aid pack, etc.," he writes, "it's not as easy as it looks in the movies."

Lieutenant KAUFFMAN has served as interpreter, boarding officer, chief of shore police, and maintenance officer.

Have You Heard?

GEORGE L. HARRISON, president of the New York Life Insurance Company, and former president of the Federal Reserve Bank of New York, has been named to the New York State Banking Board. F. ABBOTT GOODHUE, president of The Bank of the Manhattan Company, New York City, was reappointed to membership.

The campaign for the Greater New York Fund, starting in May, will be under the leadership of W. RANDOLPH BURGESS, vice-chairman of the National City Bank of New York.

ROBERT O. BONNELL, president of the Public Bank of Maryland, is chairman of the Baltimore Civilian Mobilization Committee. Mr. Bonnell served in the Navy during World War I.

WILLIAM R. WHITE, vice-president, Guaranty Trust Company of New York, and former New York State Superintendent of Banks, has been elected a trustee of The Bowery Savings Bank.



Mr. White



Mr. Bonnell

Victory Fund

(CONTINUED FROM PAGE 25)

whose job is to pay for planes, ships, tanks and guns, for sulfa drugs, rubber life rafts and soldiers' dependents, or a million other items, draw checks on the Treasurer of the United States, and naturally the accounts in a depository, or depositories, are drawn down.

Such checks amounted to \$79 million for the fiscal year 1942 and are esti-

mated at \$138 and \$155 million for 1943 and 1944. The amount of a depositories' account, the way it is regulated and the manner in which the Treasury notifies the depositories that their accounts are about to be drawn upon—all these and many other technical details of Treasury and banking practice do not belong in this article.

Nor does the part played by the 12 Federal Reserve banks in regulating, facilitating, balancing and equilibrating the back and forth flow belong in this article. It is important, however, to call attention to the depository banks.

There are two main classes of de-

positories, general and special. All manner of accounts are kept in the generals, and only loan accounts in the specials. For some time there were 500 general depositories; the number is larger now. On June 30 last there were nearly 3,000 special depositories; now there are 5,000.

The fact that the Government siphons its receipts and expenditures back and forth through such a vast number of commercial banks is not only eloquent of the part which the banking system plays in the war program, but demonstrates that intake and outgo are just the two sides of our war effort.



American Foreign Trade carries on

Despite exchange regulations, export licensing, and war-time hazards, American foreign trade carries on. Many changes are taking place, however, particularly in the origin of our imports and the destination of our exports. All these continually changing situations call for meticulous care by those engaged in foreign trade.

The Foreign Department of the Manufacturers Trust Company continues its active role of facilitating the movement of merchandise between countries. Customers find our highly trained staff increasingly valuable in coping with the ever changing conditions.

Domestic banks are cordially invited to make full use of our extensive facilities. They are assured of efficient and friendly service.

MANUFACTURERS TRUST COMPANY

PRINCIPAL OFFICE AND FOREIGN DEPARTMENT
55 BROAD STREET, NEW YORK



Member Federal Reserve System
Member New York Clearing House Association
Member Federal Deposit Insurance Corporation

Regulation V's First Birthday

(CONTINUED FROM PAGE 42)

If we are to have post-war V-type loans for reconstruction, what agency or agencies will authorize the guaranties? Certainly not the armed services or the Maritime Commission, which are concerned with procurement. Some suggest that the Smaller War Plants Corporation might be made the guaranteeing agency, with its life extended and its purpose altered. Then again there is the RFC, or perhaps an entirely new "reconversion finance agency" of the Fed-

eral Government might be established.

The RFC would be a possible agency for this purpose, if it is the intention to have the Government deal directly with business, as lender with borrower. But it would be shortsighted and undesirable not to employ for this purpose the existing banking system. In the Murray Committee attention seems to be focused on the Federal Reserve System, with its full year of Regulation V experience and its relationship to the na-

tionwide network of commercial banks.

It is being pointed out that the \$139,000,000 which the Federal Reserve banks paid in for FDIC stock and which, under certain conditions, is now available under Section 13b of the Federal Reserve Act, might be used as the capital of a new corporation, a subsidiary of the Federal Reserve System. This corporation would share with commercial banks the risks of reconversion loans. The \$139,000,000 would suffice to cover losses on a large number of small loans; but if the funds should be exhausted, they could be replenished by Congress. Or, the new corporation might be authorized to borrow in the open market on its own obligations.

THE above idea would still leave unanswered the question of post-war new equity capital for business. Testimony before the Senate Small Business Committee revealed the feeling that some measure of government guaranty or participation will be necessary, if private capital is to come out of hiding.

Thus there is once again evident in our thinking the tendency to continue to rely on the Government as a co-sharer of risk. This certainly bears out the predictions we have been hearing over the past decade of government subsidies and guaranties, that the Government will continue to be a powerful factor in private business. Here is a case in point, and it is not so much the government planners as it is the public concerned that seems to be asking for this particular kind of paternalism.

The workers who want job security, the businessmen who want income security, and the banks that want loan security all insist that the Federal Government be their guarantor.

Have we lost all vestiges of the spirit of the frontier and of the entrepreneur? We are willing enough to risk our Government's money at home and abroad. Are we unwilling to take any chances with our own money on our fellow-citizens at home?

C. E. Merriam, left, and G. F. Yantis, of the National Resources Planning Board, which has made its "cradle to grave" security report



PRESS ASSOCIATION
BANKING

The Riggs National Bank

OF WASHINGTON, D. C.

welcomes the opportunity to be of service to
bankers and their clients in the
Nation's Capital.

Complete Banking and Trust Service

ROBERT V. FLEMING

President and Chairman of the Board

GEORGE O. VASS

Vice President and Cashier

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Out-of-Town Banks

Out-of-town banks and bankers will find here complete banking facilities for prompt and economical handling of accounts in Chicago. We would appreciate the opportunity of serving you.

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AND TRUST COMPANY of Chicago

208 SOUTH LASALLE STREET

(Member Federal Deposit Insurance Corporation)



The Case of the Horrified Hostess

(Case No. 1-B-3580 from U. S. F. & G. files)

HORRIFIED? What hostess wouldn't be, if she discovered her guests' handbags had been stolen . . . if faced by the loss of her guests' belongings? Because Mr. and Mrs. _____ of Brooklyn, N. Y., carried burglary insurance with the U. S. F. & G., their guests' losses were made good. With burglary insurance so low in cost, can you afford to go on trusting to luck?

On this page are other cases from the U. S. F. & G. files which illustrate today's war-increased hazards. Read them over, then ask yourself this im-

portant question: "*Could any of these things happen to me?*"

To help you avoid financial jolts, your local U. S. F. & G. agent places at your disposal *knowledge* of insurance—plus on-the-spot service in the payment of losses. He will be glad to make a Graphic Audit of your insurance—to help you guard against wartime risks which make such an audit imperative. Your U. S. F. & G. agent is one of thousands serving communities throughout the United States, its possessions, and Canada. Consult him today.

Consult your Insurance Agent or Broker as you would your Doctor or Lawyer

U.S.F.&G.

UNITED STATES FIDELITY & GUARANTY CO.

affiliate:

FIDELITY & GUARANTY FIRE CORPORATION

HOME OFFICES:  BALTIMORE, MD.

*— Could
any of these things
happen to you ?*



(Case No. 21-G-1332)

Customer breaks glass door

The sale was a success . . . so much so that a determined woman customer, eager to enter, kicked the jammed door and shattered the costly plate glass. Today plate glass is expensive, hard to get. If your business requires plate glass windows, door or show cases, they should be amply insured.



(Case No. 161098)

Purloined platinum parts

Naturally, the electrical supply company trusted him . . . he'd been a stock clerk for 17 years. But when platinum parts began to disappear, they found he'd stolen and sold \$23,511.57 worth of supplies. Under a fidelity policy, U.S.F.&G. settled the claim. Is your company adequately protected against employee dishonesty?



(Case No. 4-L-805)

Jitter-bug Jeopardy

Jitter-bugging was no joke to the man who was knocked down while dancing. Nor was it a joke to the restaurant proprietor, faced with a \$1500 suit. But a public liability policy with U.S. F.&G., saved the proprietor loss and trouble, compensated the claimant for his injuries. What if someone were injured in your home or place of business?



**In boom or depression
... in Peace or War ...
always at the forefront
of Banking Service in
Baltimore since 1894**

MARYLAND TRUST COMPANY BALTIMORE

HEYWARD E. BOYCE, President

*Member Federal Reserve System and
Federal Deposit Insurance Corporation*

Wise planning



Wise planning will give trust promotion a major part of your bank's 1943 advertising appropriation, to make the most of an unprecedented opportunity to get trust business.

Wise planning—based on many years of experience—makes Purse advertising unusually effective.

Write today for full details.

The PURSE Company
Chattanooga, Tennessee
Headquarters for Trust Advertising

RACC

(CONTINUED FROM PAGE 29)

price he might want to pay or have to pay to get labor to go into this venture,—if he works a crop, produces the crop and sells it, if the proceeds he gets from it is not enough to pay the loan, everything is forgiven; if it is more than enough to repay the loan, it is all his. . . . Now, that is what I call the gambling type of loan, that you can get all the money you need to take a shot at this crop, you can go out and hire your labor at any price that you can take it away from the other fellow and put that in as part of your cost of production, you can put your own family's expenses in as part of your cost of production, your seed, fertilizer, and everything else, and borrow the whole works, and if you produce a crop which sells for more than you have borrowed, then it is yours; and if you do not produce that much, then it is Uncle Sam's loss.

Citing the results of the A.B.A. questionnaire to banks as proof that there is no lack of private credit for farm production, Mr. Wiggins suggested that crop insurance, rather than credit, offers a solution to the farmer's problem. Mr. Wiggins concluded his statement by expressing the hope that the Government will abandon not only RACC, but many other governmental ventures that have proved costly in financial outlay and destructive to the efforts of private citizens to maintain solvent private economy in this Nation.

THAT credit is not the bottleneck holding back farm production is shown by various official reports. The Commerce Department, for example, wrote in February (*Survey of Current Business*, pp. 6 and 8):

No appreciable expansion in crop acreage [in 1943] is contemplated, since it is felt that the practicable limit, as governed by the resources of labor, materials and transportation which are available, has already been reached.

The Truman Committee in March reached similar conclusions. Also the OPA, in refuting the argument that higher prices for farm commodities would result in increased output, omitted credit from the list of factors preventing material crop expansion. Even the Agriculture Department itself has published information leading to the conclusion that RACC's revival was unnecessary.

On March 12 the Joint Committee submitted to Congress its report on Senator Wherry's resolution. In this report, the committee recommended:

1. That the Department of Agriculture immediately discontinue the lending activities of the Regional Agricultural Credit Corporation loan program.
2. That Congress consider legislation providing for the immediate liquidation

CO-OPERATION

Your problems relative to Exchange, Shipping and Customs, Credit and Character data on buyers and sellers. . . can be readily referred to our Managers at central points in the following countries. Collection items and Letter of Credit transactions will be efficiently handled.

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Branches from Coast to Coast

NEWFOUNDLAND

Branches at St. John's and twelve other points

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Branches in Jamaica, Cuba, Puerto Rico and Dominican Republic

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LONDON, ENG., 108 Old Broad St., EC2

General Offices

TORONTO, CANADA

Capital and Reserve, \$36,000,000

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London Offices:
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47, Berkeley Square, W. 1.**

Agency arrangements with Banks
throughout the World

(Incorporated in New South Wales with
Limited Liability.)

of the Regional Agricultural Credit Corporations, and that all capital funds now available to such corporations be returned immediately to the Treasury of the United States.

3. That the Secretary of Agriculture immediately advise Congress as to how the various lending agencies of the Department of Agriculture can best simplify and consolidate their activities, in order to prevent duplication and overlapping in the power to loan funds, thereby reducing to a minimum the personnel engaged in such lending activities as well as the cost of administration.

4. That the Congress, if necessary, enlarge the statutory authority of certain lending agencies of the Federal Government already in existence in order to provide for the credit needs of farmers when such a need occurs, such as broadening the lending authority of the Emergency Crop and Feed Loan program of the Farm Credit Administration, Department of Agriculture.

5. That the Secretary of Agriculture immediately issue a regulation requiring that the various agricultural lending agencies discontinue solicitation of borrowers.

6. The Committee expresses the hope that existing private banking institutions will make available agricultural loans at an interest rate not exceeding 5 per cent.

The report expressed the belief "that there is widespread duplication in the various lending and credit organizations of the Department of Agriculture" and adverted to the "probability of future evils emanating from this [RACC] program."

THE Committee reached the "inescapable conclusion" that increased production of food is not dependent upon new resources of credit and that the RACC is nonessential and is in effect duplicating the lending activities of other Federal agricultural lending agencies. The committee believes that there has been insufficient attempt to use existing agencies.

Citing the existence of 20 Federal farm credit agencies—as listed in BANKING's special survey published in February—the Committee report states:

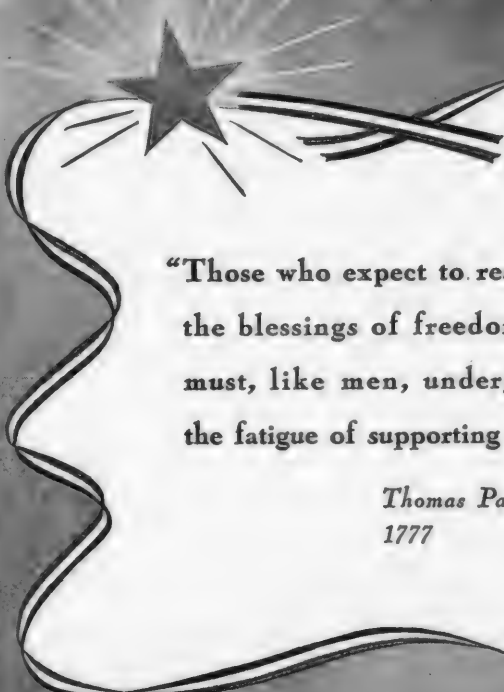
"Three of these agencies, with separate staffs and administrations independent of each other, are now making and have been making loans identical in character with those of the RACC loan program, and similar in most all respects to the commercial type of private lending institutions. . . . The three lending agencies referred to are (1) the Emergency Crop and Feed Loan Section of

the Farm Credit Administration, (2) the Production Credit Associations of the FCA, and (3) the Rural Rehabilitation Loan Section of the Farm Security Administration."

As a result of the hearings and its own study—which included the testimony of Governor A. G. Black of the FCA—the Joint Committee concluded that the RACC loan program was created in 1932 for an emergency which no longer exists and that the program announced in January by Secretary Wickard duplicates other government lending activities and deprives private lending institutions of their normal loan business.


The RACC program, the committee also concluded, may weaken the structure of over 11,000 country banks. Full and complete operation of the RACC in wartime will "impede, rather than increase the production of food." The system of county clearance of loans under the RACC program "is not based on sound business principles" but "will foster loose lending practices and speculation, which will be chaotic to the national war food-growing effort." Finally, the committee found, the RACC revival was decided on after only "a cursory investigation" by FCA.

HERBERT BRATTER



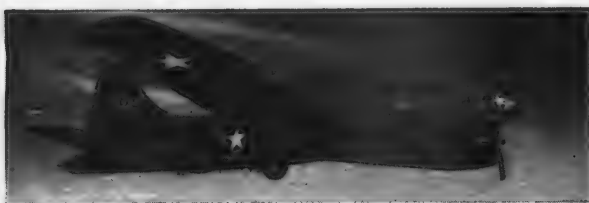
**"Those who expect to reap
the blessings of freedom,
must, like men, undergo
the fatigue of supporting it."**

*Thomas Paine
1777*



MERCANTILE Bank and TRUST COMPANY
SAINT LOUIS

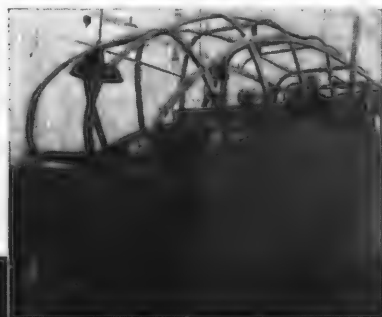
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



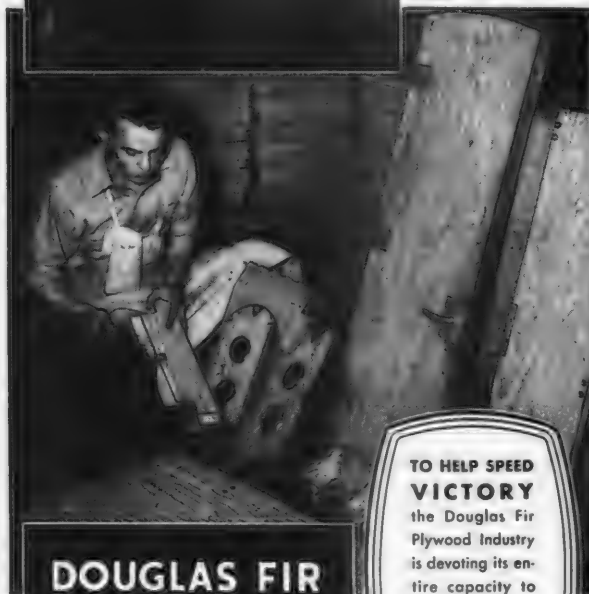
MIRACLE WOOD FOR A MIRACLE PLANE!

*You'll find Douglas Fir Plywood doing important
work in every Boeing B-17 Flying Fortress!*

● Douglas Fir Plywood's light weight, great strength, large sizes and easy workability make it one of today's busiest war materials. In the field of transportation alone, this Miracle Wood is helping build planes, ships, amphibian tanks, railroad cars and busses. Many of its applications here are revolutionary . . . but because of them Douglas Fir Plywood will be far more useful to you after Victory than ever before.



(Left) "Mock-up" of a proposed Boeing plane. These full-size models constructed largely of Douglas Fir Plywood help engineers perfect designs. (Below) Douglas Fir Plywood aids every Boeing Flying Fortress in its missions of destruction. Standard equipment includes Plywood compartment doors, flooring and step assemblies, radio equipment tables and oxygen bottle racks.



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**MADE LARGER, LIGHTER
SPLIT-PROOF
STRONGER**

TO HELP SPEED VICTORY

the Douglas Fir
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is devoting its entire
capacity to war
production. We know this
program has your
approval.

SEND FOR WAR USE FOLDER!

Dozens of actual photographs show you how Douglas Fir Plywood is aiding the war effort. Write Douglas Fir Plywood Association, Tacoma, Wash., today for your free copy!

Pay Deduction

(CONTINUED FROM PAGE 26)

enjoy by retaining them in a single commercial bank account.

A record such as this will be of particular interest to a multitude of smaller employers. He must expect that an examination of his records may at some future date take place. With a record neatly maintained, as is provided for through the use of this book, he could probably fully satisfy an examiner with very little inconvenience to himself.

While this book was originated for the purpose of segregating salary deductions such as the Victory Tax and the Social Security Taxes, its use is not confined to such purposes. Any individual may find it useful to segregate other special purpose funds in his own account, such as Victory Bond purchases or income tax payments.

The covers can be ordered in a variety of colors at no additional cost to the bank and thus provide the depositor with a means of easily differentiating his various segregated accounts, if he cares to maintain several.

WITH each checkbook goes a sheet of printed instructions for using it in conjunction with the depositor's regular checking account. Here are the instructions:

"Through the use of this checkbook, funds in your regular checking account, such as a Victory Tax, or an Unemployment Tax, or a Social Security Tax, which have been deducted from salaries and are being held in trust for the U. S. Treasury, the Unemployment Compensation Commission etc., may be segregated from your own funds. At the same time a concise, separate record of these collections and remittances will have been compiled for convenient reference at any future time when it may be needed.

"When salaries are paid, the funds will be drawn from your account by means of a check from your regular checkbook. The amount paid to the employee will be his salary minus certain deductions. The amount of these deductions should also be subtracted from your regular checkbook and credited to the balance in this book by entry in the "Salary Deductions Deposited" column. A memorandum of the total salaries from which this deduction was made can be recorded in the "Memorandum Record of Salaries Paid" column.

"If more than one kind of salary deduction is to be made, such as a Victory Tax and an Unemployment Tax, use two or more of these special checkbooks. Reserve one book for each type of deduction.

"The credits to the trust fund represented by this book should be accumulated for the full period for which remittance is to be made. In the event one page is insufficient for this purpose, discard the check at the bottom of the first page and continue the record on the next one.

"When accumulations for the full period have been completed, fill in the check at the bottom of that page and remit it to the proper agency. This will complete the tax accumulation record for that period. Start the next period on a new page.

"When the canceled check is returned, paste it at the bottom of the page from which it was detached. You will then have a concise, complete record to which you can conveniently refer at any future date.

"To reconcile your bank account, it is only necessary to combine the balances of these books with that of your regular checkbook and proceed with your reconciliation as you usually do."

One Way to Help

THE War Production Board, through its Redistribution Division, is trying to obtain from surplus and frozen stocks critical materials needed for war purposes. Aluminum, brass, bronze and stainless steel in various sizes and shapes are among the items urgently needed.

In an appeal for surplus and frozen materials, the WPB says:

"Each day that a manufacturer waits for material has its effect on our fighting forces. Lack of even a few pounds of some critical material can delay production of urgently needed parts which perhaps may play an important part in the outcome of a battle.

"We urge you to consider the importance of utilizing all available materials for immediate production. If you have critical materials in any amount which you do not need for your current requirements, please make them available for production of items so vitally needed by our armed forces."

Many business concerns are working with the WPB in its campaign to divert surplus and frozen materials to immediate war purposes. One of them, W. W. Grainger, Inc., of Chicago, reports:

"For the past year or more, we have located and purchased many thousands of dollars' worth of frozen surplus—particularly electric motors. Because of restricted deliveries on motors from manufacturers, we have been able to ship motors from our stock which would usually require from eight to fourteen weeks to get from a manufacturer. This kind of delivery service has contributed

materially toward speeding war production.

"We believe that by putting salable surplus in the hands of qualified distributors, redistribution can be made faster and more economically. The burning question still is: 'What must be done to compel more surplus to be made available?' Although WPB has declared it illegal to hold 90-day surplus, there are still millions of dollars' worth lying dormant."

It is suggested that bankers, because of their contacts with industrial leaders, are in position to help get vital surplus stocks released to the WPB.

The Women Belong

(CONTINUED FROM PAGE 32)

harder on women than on men. However, it is certain that we, like other banks, will be obliged to use more women in teller positions.

It has long been a source of argument whether women make as good supervisors as men. Here again it is impossible to submit actual proof. We, however, have had many women who were very successful in supervisory positions.

It is important in choosing women for difficult or technical jobs, such as credit and security analysis, to make sure that they have the capacity for rapidly learning complex work. It is not sufficient merely to require college training to assure success in this kind of work. Some of our best girls have not

had college experience. We rely instead on their ability to make good scores on aptitude tests. Aside from such factors as personality, education and previous experience, it is important for difficult work that the new employee be capable of learning quickly a large mass of somewhat complex material. It is hard to estimate from an interview whether a woman has the capacity for quick learning, but it is possible by means of tests. Needless to say, tests are not infallible, but when skilfully used they reduce our chances of failure.

Banks offer relatively favorable working conditions and in addition there is prestige attached to being an employee of a bank. Some banks are taking advantage of this by inviting customers and employees to suggest the names of likely candidates. Many banks do not employ immediate relatives of present employees, but some are following the practice of inviting the employment of wives and daughters of men who have left for military service.

THE TEXAS COMPANY



162nd Consecutive Dividend paid by The Texas Company and its predecessor.

A dividend of 50¢ per share or two per cent (2%) on par value of the shares of The Texas Company has been declared this day, payable on April 1, 1943, to stockholders of record as shown by the books of the company at the close of business on March 5, 1943. The stock transfer books will remain open.

L. H. LINDEMAN

February 17, 1943

Treasurer

The new soft steel and zinc plated one-cent pieces are now being produced at the Philadelphia Mint. Superintendent Dressel inspects the coins



INTERNATIONAL

Prompt and Reliable

INFORMATION ABOUT CANADA

Through our 545 Branches in Canada, the New York Agency is in close touch with every phase of Commercial and Financial activity in the Dominion and is well equipped to assist and serve corporations, firms and individuals interested in Canada.

THE CANADIAN BANK OF COMMERCE

HEAD OFFICE . . . TORONTO, CANADA

S. H. LOGAN, President

A. E. ARSCOTT, Executive Vice President

S. M. WEDD, General Manager

NEW YORK AGENCY: Exchange Place and Hanover Street

Agents: C. J. STEPHENSON — N. J. H. HODGSON

North of the Border

COLLECTING personal income tax on a "pay-as-you-go" basis—popularly known as the Ruml Plan—is not new to Canada. Since September 1 most taxpayers have been contributing monthly to their 1942 assessment by means of compulsory deductions from salaries and wages. Professional people, and those whose earnings consist largely of commissions, etc., have been obliged to make quarterly payments. The Government's intention was to collect 90

per cent of all personal income tax in this way, leaving an adjustment of 10 per cent to be made in September 1943. In effect, however, this meant that Canadians would be paying their 1942 tax during the first eight months of the ensuing year.

The fourth national war budget, presented to Parliament in March, went even further towards meeting the requirements of the Ruml Plan. Retroactive to January 1, 1943, monthly

instalments are to count towards the current year's tax and the percentage collected has been increased to 95, effective April 1. A final adjustment will be made in March 1944. To enable taxpayers to switch over to a complete "pay-as-you-go" policy without undue hardship, 50 per cent of the 1942 tax on earned income (and investment income not exceeding \$3,000) will be cancelled. Collections during the last four months of the year, together with monthly payments made under the old National Defence Tax earlier in 1942, virtually wipe out the remaining liability of taxpayers in the lower income brackets. Others are not quite so well off. Investment income in excess of \$3,000, for example, is to be taxed at the full rates, half to be paid in cash and the balance in the form of additional succession duties upon the decease of the taxpayer. The changeover to a system resembling the Ruml Plan is expected to bring in an additional \$115 million during the fiscal year 1943-44 despite the fact that the budget makes no change in the basic rates. Corporation income taxes are also left undisturbed.

THE "pay-as-you-go" principle has been applied as far as possible to national finance as a whole since the beginning of the War. Until 1942-43 well over 50 per cent of total expenditures was covered by revenue. In 1943-44 the percentage is estimated to be 45.9 despite an anticipated outlay of \$5,500 million—\$1 billion more than total expenditures last year.

In terms of the population of the United States, Canada is appropriating \$58,680 million to carry on active warfare.

A CANADIAN CORRESPONDENT



War Industry
IS ALL INDUSTRY

TODAY virtually all industry is engaged in making products that contribute in one way or another to winning the war. With the concentration of so much war production in this area, Chicago has become one of democracy's greatest arsenals.

This focus of war production effort has brought to the American National Bank and Trust Company broad experience in the analysis and financing of war contracts. Many of our correspondent banks have drawn on this experience to aid them in serving their own customers, and we believe we can be equally helpful to you.

**AMERICAN NATIONAL BANK
AND TRUST COMPANY
OF CHICAGO**

LA SALLE STREET AT WASHINGTON

Member Federal Deposit



Insurance Corporation

OUR BUSINESS IS TO HELP BUSINESS

President Roosevelt signs the Lend-Lease renewal and hands a pen to Administrator E. R. Stettinius. Other pens went to Representative Eaton and Senator Barkley



WAR ASSOCIATION
BANKING

"Free Booklets"

AT YOUR SERVICE

We'll be glad to see that you get a copy of any or all of these booklets, free of charge or obligation. Each one has been carefully selected for its special value to bankers and business executives. Simply mail your request on bank or company letterhead to Dept. BB-10 American Bankers Association, 22 East 40th Street, New York, N. Y.

HOW TO ORDER PAPER FREE FARM PHOTOS

This 24-page manual will help you select paper items still manufactured today whenever you order letterheads, envelopes, ledger sheets, checks, booklets, duplicator sheets, postcards—in fact, nearly every stock for bank use. It describes papers in stock, their weights, finishes, packing quantities, and lists sizes that cut and ship economically. Also included, free, is a 231-page comprehensive sample book which, used in conjunction with the manual, shows exactly what may be ordered from still-existing stocks. The manual and sample book will help member banks save time and money.

MANUAL OF RECORD STORAGE PRACTICE

Preserving inactive records properly is particularly vital today because the quantity of records that must be saved has been increasing so rapidly. Hence, this practical, 16-page manual will prove valuable to bankers charged with this duty—and to new employees who must become familiar with record practices. It lists the minimum retention periods for hundreds of specific types of records, and tells how to index and store them either permanently or until they may be destroyed.

WAR USES FOR PLYWOOD

This handsome and dramatically illustrated, sixteen-page brochure reveals how plywood is used in producing war housing, naval vessels, factories, bomb bay doors and many other implements of war. Bankers are loaning money to help make these plywood products, and in the postwar period bankers will be called upon to finance hundreds of plywood peacetime products. This booklet will tell you something about plywood manufacture, its characteristics and its versatility as a basic material.

Through the courtesy of a farm machinery manufacturer, who has served agriculture more than 100 years, a selection of some 2,000 excellent photographs of different agricultural scenes—involving the use of machinery, the growing of crops, and the raising of livestock—is available to banks in agricultural communities for advertising or illustrative purposes. Many bankers have already made use of these outstanding pictures and other informative material offered.

REDUCES PRINTING COSTS

With a dual duplicator (which reproduces either from type, electrotypes, rubber plates, etc.) a bank can produce its own office forms, statements, booklets, house organs and any other printed matter at an average saving of 25-75%. This 16-page, illustrated booklet explains, in easy question-and-answer form, what a dual duplicator is, how simply your own employees can operate it, what it does—and includes samples of both black-and-white and color reproductions. Bankers will be particularly interested in the time, money and manpower economies possible with this remarkable machine.

CHOOSING MUNICIPAL BONDS

Ten factors in the choice of municipal bonds—such as debt restrictions, balanced budget, overlapping debt, and tax collections—are revealed in this authoritative 8-page booklet which will serve as a review to the experienced buyer and as a guide to beginners. With the booklet comes a "ready-reckoning" chart showing what taxable and tax-exempt bonds yield at certain levels of income under the new Federal income tax rates.

BANKING'S Advertisers April 1943

AMERICAN APPRAISAL COMPANY. 3 Klau-Van Pietersom-Dunlap Associates, Inc.	LA MONTE, GEORGE & SON. 2 Samuel C. Crool Co., Inc.
AMERICAN NATIONAL BANK, NASHVILLE. 18 C. P. Clark, Inc.	LAWRENCE SYSTEM. 65 McCann-Erickson, Inc.
AMERICAN NATIONAL BANK & TRUST CO., CHICAGO. 78 Albert Frank-Guenther Law, Inc.	MANUFACTURERS TRUST COMPANY, NEW YORK. 71 McCann-Erickson, Inc.
ANACONDA COPPER MINING COMPANY. 55 Ivey & Ellington, Inc.	MARYLAND TRUST COMPANY. 74 The Emery Advertising Co., Inc.
BANK OF AMERICA N. T. & S. A. 66 Charles R. Stuart, Inc.	MARINE TRUST COMPANY, BUFFALO. 12 Batten, Barton, Durstine & Osborn, Inc.
BANK OF MONTREAL. 8 Doremus & Company	GEORGE S. MAY COMPANY. Cover IV Jim Duffy, Inc.
BANK OF NEW SOUTH WALES. 74 Alberton & Currier, Inc.	MERCANTILE COMMERCE BANK & TRUST CO., ST. LOUIS. 75 Oakleigh R. French & Associates
BANK OF NOVA SCOTIA. 74 J. Walter Thompson Co.	METROPOLITAN LIFE INSURANCE COMPANY. 21 Young & Rubicam, Inc.
BANKERS BOX COMPANY. 15 Advertising Creators	MILLERS NATIONAL INSURANCE COMPANY. 8 Buchanan & Co.
BANKERS TRUST COMPANY, NEW YORK. 17 Cowan & Dangler, Inc.	MINNEAPOLIS MOULINE POWER CO. 70 Graves & Associates
BURROUGHS ADDING MACHINE COMPANY. 69 Campbell-Ewald Company	MONROE CALCULATING MACHINE COMPANY. 14 Alley & Richards Company
CANADIAN BANK OF COMMERCE. 77 Scovil Advertising Company	NATIONAL BANK OF COMMERCE, HOUSTON. 67 Ritchie Advertising Agency
CHASE NATIONAL BANK OF THE CITY OF NEW YORK. 9 Albert Frank-Guenther Law, Inc.	NATIONAL BANK OF DETROIT. 8 J. L. S. Scrymgeour
CITY NATIONAL BANK & TRUST CO. OF CHICAGO. 72 George H. Hartman Co.	NATIONAL CASH REGISTER COMPANY. 19 N. W. Ayer & Son, Inc.
COMMERCE CLEARING HOUSE, Inc. 11	NATIONAL UNION FIRE INSURANCE COMPANY. 62 Parker-Allston Associates
DAVIDSON MANUFACTURING COMPANY. 7 Almon Brooks Wilder, Inc.	NEW YORK TRUST COMPANY. 18 McCann-Erickson, Inc.
DE LUXE CHECK PRINTERS, INC. 6 Presba, Fellers & Presba, Inc.	OLD REPUBLIC CREDIT LIFE INSURANCE COMPANY. 18 Coolidge Advertising Company
DEVINE, C. J. & COMPANY. 5 Doremus & Co.	PARSONS PAPER COMPANY. 8 Charles E. Vautrain Associates, Inc.
DIEBOLD SAFE & LOCK COMPANY. 63 Sweeney & James Co.	PHILADELPHIA NATIONAL BANK. 68 Benjamin Eshleman Company
DOUGLAS FIR PLYWOOD ASSOCIATION. 76 McCann-Erickson, Inc.	PITTSBURGH PLATE GLASS COMPANY. 16 Batten, Barton, Durstine & Osborn, Inc.
DOUGLAS GUARDIAN WAREHOUSE CORPORATION. Cover II Presba, Fellers & Presba, Inc.	POLK COMPANY, R. L. 18
FIRST NATIONAL BANK OF CHICAGO. 58 Foote, Cone & Belding, Inc.	PUBLIC NATIONAL BANK & TRUST COMPANY. 5 Rose-Martin, Inc.
FIRST WISCONSIN NATIONAL BANK. 64 Scott-Telander Advertising Agency	THE PURSE COMPANY. 74
FULTON NATIONAL BANK. 16 Freitag Advertising Agency, Inc.	GENERAL ELECTRIC COMPANY. Cover III Maxon, Inc.
GENERAL ELECTRIC COMPANY. Cover III Maxon, Inc.	HAMMERMILL PAPER COMPANY. 61 Batten, Barton, Durstine & Osborn, Inc.
HARTFORD FIRE INSURANCE COMPANY. 59 HARTFORD ACCIDENT AND INDEMNITY COMPANY Newell-Emmett Company	HOMERIDGE FIRE INSURANCE COMPANY. 4 Albert Frank-Guenther Law, Inc.
HOME INSURANCE COMPANY. 4 Albert Frank-Guenther Law, Inc.	HOTEL ROOSEVELT. 15 Kelly-Nason, Inc.
HOTEL ROOSEVELT. 15 Kelly-Nason, Inc.	INTERNATIONAL BUSINESS MACHINES CORPORATION. 13 Cecil & Presbrey, Inc.
INTERNATIONAL BUSINESS MACHINES CORPORATION. 13 Cecil & Presbrey, Inc.	LA MONTE, GEORGE & SON. 2 Samuel C. Crool Co., Inc.
LA MONTE, GEORGE & SON. 2 Samuel C. Crool Co., Inc.	LAWRENCE SYSTEM. 65 McCann-Erickson, Inc.
LAWRENCE SYSTEM. 65 McCann-Erickson, Inc.	MANUFACTURERS TRUST COMPANY, NEW YORK. 71 McCann-Erickson, Inc.
MANUFACTURERS TRUST COMPANY, NEW YORK. 71 McCann-Erickson, Inc.	MARYLAND TRUST COMPANY. 74 The Emery Advertising Co., Inc.
MARYLAND TRUST COMPANY. 74 The Emery Advertising Co., Inc.	MARINE TRUST COMPANY, BUFFALO. 12 Batten, Barton, Durstine & Osborn, Inc.
MARINE TRUST COMPANY, BUFFALO. 12 Batten, Barton, Durstine & Osborn, Inc.	GEORGE S. MAY COMPANY. Cover IV Jim Duffy, Inc.
GEORGE S. MAY COMPANY. Cover IV Jim Duffy, Inc.	MERCANTILE COMMERCE BANK & TRUST CO., ST. LOUIS. 75 Oakleigh R. French & Associates
MERCANTILE COMMERCE BANK & TRUST CO., ST. LOUIS. 75 Oakleigh R. French & Associates	METROPOLITAN LIFE INSURANCE COMPANY. 21 Young & Rubicam, Inc.
METROPOLITAN LIFE INSURANCE COMPANY. 21 Young & Rubicam, Inc.	MILLERS NATIONAL INSURANCE COMPANY. 8 Buchanan & Co.
MILLERS NATIONAL INSURANCE COMPANY. 8 Buchanan & Co.	MINNEAPOLIS MOULINE POWER CO. 70 Graves & Associates
MINNEAPOLIS MOULINE POWER CO. 70 Graves & Associates	MONROE CALCULATING MACHINE COMPANY. 14 Alley & Richards Company
MONROE CALCULATING MACHINE COMPANY. 14 Alley & Richards Company	NATIONAL BANK OF COMMERCE, HOUSTON. 67 Ritchie Advertising Agency
NATIONAL BANK OF COMMERCE, HOUSTON. 67 Ritchie Advertising Agency	NATIONAL BANK OF DETROIT. 8 J. L. S. Scrymgeour
NATIONAL BANK OF DETROIT. 8 J. L. S. Scrymgeour	NATIONAL CASH REGISTER COMPANY. 19 N. W. Ayer & Son, Inc.
NATIONAL CASH REGISTER COMPANY. 19 N. W. Ayer & Son, Inc.	NATIONAL UNION FIRE INSURANCE COMPANY. 62 Parker-Allston Associates
NATIONAL UNION FIRE INSURANCE COMPANY. 62 Parker-Allston Associates	NEW YORK TRUST COMPANY. 18 McCann-Erickson, Inc.
NEW YORK TRUST COMPANY. 18 McCann-Erickson, Inc.	OLD REPUBLIC CREDIT LIFE INSURANCE COMPANY. 18 Coolidge Advertising Company
OLD REPUBLIC CREDIT LIFE INSURANCE COMPANY. 18 Coolidge Advertising Company	PARSONS PAPER COMPANY. 8 Charles E. Vautrain Associates, Inc.
PARSONS PAPER COMPANY. 8 Charles E. Vautrain Associates, Inc.	PHILADELPHIA NATIONAL BANK. 68 Benjamin Eshleman Company
PHILADELPHIA NATIONAL BANK. 68 Benjamin Eshleman Company	PITTSBURGH PLATE GLASS COMPANY. 16 Batten, Barton, Durstine & Osborn, Inc.
PITTSBURGH PLATE GLASS COMPANY. 16 Batten, Barton, Durstine & Osborn, Inc.	POLK COMPANY, R. L. 18
POLK COMPANY, R. L. 18	PUBLIC NATIONAL BANK & TRUST COMPANY. 5 Rose-Martin, Inc.
PUBLIC NATIONAL BANK & TRUST COMPANY. 5 Rose-Martin, Inc.	THE PURSE COMPANY. 74
THE PURSE COMPANY. 74	GENERAL ELECTRIC COMPANY. Cover III Maxon, Inc.
GENERAL ELECTRIC COMPANY. Cover III Maxon, Inc.	HAMMERMILL PAPER COMPANY. 61 Batten, Barton, Durstine & Osborn, Inc.
HAMMERMILL PAPER COMPANY. 61 Batten, Barton, Durstine & Osborn, Inc.	HARTFORD FIRE INSURANCE COMPANY. 59 HARTFORD ACCIDENT AND INDEMNITY COMPANY Newell-Emmett Company
HARTFORD FIRE INSURANCE COMPANY. 59 HARTFORD ACCIDENT AND INDEMNITY COMPANY Newell-Emmett Company	HOMERIDGE FIRE INSURANCE COMPANY. 4 Albert Frank-Guenther Law, Inc.
HOMERIDGE FIRE INSURANCE COMPANY. 4 Albert Frank-Guenther Law, Inc.	HOTEL ROOSEVELT. 15 Kelly-Nason, Inc.
HOTEL ROOSEVELT. 15 Kelly-Nason, Inc.	INTERNATIONAL BUSINESS MACHINES CORPORATION. 13 Cecil & Presbrey, Inc.
INTERNATIONAL BUSINESS MACHINES CORPORATION. 13 Cecil & Presbrey, Inc.	LA MONTE, GEORGE & SON. 2 Samuel C. Crool Co., Inc.
LA MONTE, GEORGE & SON. 2 Samuel C. Crool Co., Inc.	LAWRENCE SYSTEM. 65 McCann-Erickson, Inc.
LAWRENCE SYSTEM. 65 McCann-Erickson, Inc.	MANUFACTURERS TRUST COMPANY, NEW YORK. 71 McCann-Erickson, Inc.
MANUFACTURERS TRUST COMPANY, NEW YORK. 71 McCann-Erickson, Inc.	MARYLAND TRUST COMPANY. 74 The Emery Advertising Co., Inc.
MARYLAND TRUST COMPANY. 74 The Emery Advertising Co., Inc.	MARINE TRUST COMPANY, BUFFALO. 12 Batten, Barton, Durstine & Osborn, Inc.
MARINE TRUST COMPANY, BUFFALO. 12 Batten, Barton, Durstine & Osborn, Inc.	GEORGE S. MAY COMPANY. Cover IV Jim Duffy, Inc.
GEORGE S. MAY COMPANY. Cover IV Jim Duffy, Inc.	MERCANTILE COMMERCE BANK & TRUST CO., ST. LOUIS. 75 Oakleigh R. French & Associates
MERCANTILE COMMERCE BANK & TRUST CO., ST. LOUIS. 75 Oakleigh R. French & Associates	METROPOLITAN LIFE INSURANCE COMPANY. 21 Young & Rubicam, Inc.
METROPOLITAN LIFE INSURANCE COMPANY. 21 Young & Rubicam, Inc.	MILLERS NATIONAL INSURANCE COMPANY. 8 Buchanan & Co.
MILLERS NATIONAL INSURANCE COMPANY. 8 Buchanan & Co.	MINNEAPOLIS MOULINE POWER CO. 70 Graves & Associates
MINNEAPOLIS MOULINE POWER CO. 70 Graves & Associates	MONROE CALCULATING MACHINE COMPANY. 14 Alley & Richards Company
MONROE CALCULATING MACHINE COMPANY. 14 Alley & Richards Company	NATIONAL BANK OF COMMERCE, HOUSTON. 67 Ritchie Advertising Agency
NATIONAL BANK OF COMMERCE, HOUSTON. 67 Ritchie Advertising Agency	NATIONAL BANK OF DETROIT. 8 J. L. S. Scrymgeour
NATIONAL BANK OF DETROIT. 8 J. L. S. Scrymgeour	NATIONAL CASH REGISTER COMPANY. 19 N. W. Ayer & Son, Inc.
NATIONAL CASH REGISTER COMPANY. 19 N. W. Ayer & Son, Inc.	NATIONAL UNION FIRE INSURANCE COMPANY. 62 Parker-Allston Associates
NATIONAL UNION FIRE INSURANCE COMPANY. 62 Parker-Allston Associates	NEW YORK TRUST COMPANY. 18 McCann-Erickson, Inc.
NEW YORK TRUST COMPANY. 18 McCann-Erickson, Inc.	OLD REPUBLIC CREDIT LIFE INSURANCE COMPANY. 18 Coolidge Advertising Company
OLD REPUBLIC CREDIT LIFE INSURANCE COMPANY. 18 Coolidge Advertising Company	PARSONS PAPER COMPANY. 8 Charles E. Vautrain Associates, Inc.
PARSONS PAPER COMPANY. 8 Charles E. Vautrain Associates, Inc.	PHILADELPHIA NATIONAL BANK. 68 Benjamin Eshleman Company
PHILADELPHIA NATIONAL BANK. 68 Benjamin Eshleman Company	PITTSBURGH PLATE GLASS COMPANY. 16 Batten, Barton, Durstine & Osborn, Inc.
PITTSBURGH PLATE GLASS COMPANY. 16 Batten, Barton, Durstine & Osborn, Inc.	POLK COMPANY, R. L. 18
POLK COMPANY, R. L. 18	PUBLIC NATIONAL BANK & TRUST COMPANY. 5 Rose-Martin, Inc.
PUBLIC NATIONAL BANK & TRUST COMPANY. 5 Rose-Martin, Inc.	THE PURSE COMPANY. 74
THE PURSE COMPANY. 74	GENERAL ELECTRIC COMPANY. Cover III Maxon, Inc.
GENERAL ELECTRIC COMPANY. Cover III Maxon, Inc.	HAMMERMILL PAPER COMPANY. 61 Batten, Barton, Durstine & Osborn, Inc.
HAMMERMILL PAPER COMPANY. 61 Batten, Barton, Durstine & Osborn, Inc.	HARTFORD FIRE INSURANCE COMPANY. 59 HARTFORD ACCIDENT AND INDEMNITY COMPANY Newell-Emmett Company
HARTFORD FIRE INSURANCE COMPANY. 59 HARTFORD ACCIDENT AND INDEMNITY COMPANY Newell-Emmett Company	HOMERIDGE FIRE INSURANCE COMPANY. 4 Albert Frank-Guenther Law, Inc.
HOMERIDGE FIRE INSURANCE COMPANY. 4 Albert Frank-Guenther Law, Inc.	HOTEL ROOSEVELT. 15 Kelly-Nason, Inc.
HOTEL ROOSEVELT. 15 Kelly-Nason, Inc.	INTERNATIONAL BUSINESS MACHINES CORPORATION. 13 Cecil & Presbrey, Inc.
INTERNATIONAL BUSINESS MACHINES CORPORATION. 13 Cecil & Presbrey, Inc.	LA MONTE, GEORGE & SON. 2 Samuel C. Crool Co., Inc.
LA MONTE, GEORGE & SON. 2 Samuel C. Crool Co., Inc.	LAWRENCE SYSTEM. 65 McCann-Erickson, Inc.
LAWRENCE SYSTEM. 65 McCann-Erickson, Inc.	MANUFACTURERS TRUST COMPANY, NEW YORK. 71 McCann-Erickson, Inc.
MANUFACTURERS TRUST COMPANY, NEW YORK. 71 McCann-Erickson, Inc.	MARYLAND TRUST COMPANY. 74 The Emery Advertising Co., Inc.
MARYLAND TRUST COMPANY. 74 The Emery Advertising Co., Inc.	MARINE TRUST COMPANY, BUFFALO. 12 Batten, Barton, Durstine & Osborn, Inc.
MARINE TRUST COMPANY, BUFFALO. 12 Batten, Barton, Durstine & Osborn, Inc.	GEORGE S. MAY COMPANY. Cover IV Jim Duffy, Inc.
GEORGE S. MAY COMPANY. Cover IV Jim Duffy, Inc.	MERCANTILE COMMERCE BANK & TRUST CO., ST. LOUIS. 75 Oakleigh R. French & Associates
MERCANTILE COMMERCE BANK & TRUST CO., ST. LOUIS. 75 Oakleigh R. French & Associates	METROPOLITAN LIFE INSURANCE COMPANY. 21 Young & Rubicam, Inc.
METROPOLITAN LIFE INSURANCE COMPANY. 21 Young & Rubicam, Inc.	MILLERS NATIONAL INSURANCE COMPANY. 8 Buchanan & Co.
MILLERS NATIONAL INSURANCE COMPANY. 8 Buchanan & Co.	MINNEAPOLIS MOULINE POWER CO. 70 Graves & Associates
MINNEAPOLIS MOULINE POWER CO. 70 Graves & Associates	MONROE CALCULATING MACHINE COMPANY. 14 Alley & Richards Company
MONROE CALCULATING MACHINE COMPANY. 14 Alley & Richards Company	NATIONAL BANK OF COMMERCE, HOUSTON. 67 Ritchie Advertising Agency
NATIONAL BANK OF COMMERCE, HOUSTON. 67 Ritchie Advertising Agency	NATIONAL BANK OF DETROIT. 8 J. L. S. Scrymgeour
NATIONAL BANK OF DETROIT. 8 J. L. S. Scrymgeour	NATIONAL CASH REGISTER COMPANY. 19 N. W. Ayer & Son, Inc.
NATIONAL CASH REGISTER COMPANY. 19 N. W. Ayer & Son, Inc.	NATIONAL UNION FIRE INSURANCE COMPANY. 62 Parker-Allston Associates
NATIONAL UNION FIRE INSURANCE COMPANY. 62 Parker-Allston Associates	NEW YORK TRUST COMPANY. 18 McCann-Erickson, Inc.
NEW YORK TRUST COMPANY. 18 McCann-Erickson, Inc.	OLD REPUBLIC CREDIT LIFE INSURANCE COMPANY. 18 Coolidge Advertising Company
OLD REPUBLIC CREDIT LIFE INSURANCE COMPANY. 18 Coolidge Advertising Company	PARSONS PAPER COMPANY. 8 Charles E. Vautrain Associates, Inc.
PARSONS PAPER COMPANY. 8 Charles E. Vautrain Associates, Inc.	PHILADELPHIA NATIONAL BANK. 68 Benjamin Eshleman Company
PHILADELPHIA NATIONAL BANK. 68 Benjamin Eshleman Company	PITTSBURGH PLATE GLASS COMPANY. 16 Batten, Barton, Durstine & Osborn, Inc.
PITTSBURGH PLATE GLASS COMPANY. 16 Batten, Barton, Durstine & Osborn, Inc.	POLK COMPANY, R. L. 18
POLK COMPANY, R. L. 18	PUBLIC NATIONAL BANK & TRUST COMPANY. 5 Rose-Martin, Inc.
PUBLIC NATIONAL BANK & TRUST COMPANY. 5 Rose-Martin, Inc.	THE PURSE COMPANY. 74
THE PURSE COMPANY. 74	GENERAL ELECTRIC COMPANY. Cover III Maxon, Inc.
GENERAL ELECTRIC COMPANY. Cover III Maxon, Inc.	HAMMERMILL PAPER COMPANY. 61 Batten, Barton, Durstine & Osborn, Inc.
HAMMERMILL PAPER COMPANY. 61 Batten, Barton, Durstine & Osborn, Inc.	HARTFORD FIRE INSURANCE COMPANY. 59 HARTFORD ACCIDENT AND INDEMNITY COMPANY Newell-Emmett Company
HARTFORD FIRE INSURANCE COMPANY. 59 HARTFORD ACCIDENT AND INDEMNITY COMPANY Newell-Emmett Company	HOMERIDGE FIRE INSURANCE COMPANY. 4 Albert Frank-Guenther Law, Inc.
HOMERIDGE FIRE INSURANCE COMPANY. 4 Albert Frank-Guenther Law, Inc.	HOTEL ROOSEVELT. 15 Kelly-Nason, Inc.
HOTEL ROOSEVELT. 15 Kelly-Nason, Inc.	INTERNATIONAL BUSINESS MACHINES CORPORATION. 13 Cecil & Presbrey, Inc.
INTERNATIONAL BUSINESS MACHINES CORPORATION. 13 Cecil & Presbrey, Inc.	LA MONTE, GEORGE & SON. 2 Samuel C. Crool Co., Inc.
LA MONTE, GEORGE & SON. 2 Samuel C. Crool Co., Inc.	LAWRENCE SYSTEM. 65 McCann-Erickson, Inc.
LAWRENCE SYSTEM. 65 McCann-Erickson, Inc.	MANUFACTURERS TRUST COMPANY, NEW YORK. 71 McCann-Erickson, Inc.
MANUFACTURERS TRUST COMPANY, NEW YORK. 71 McCann-Erickson, Inc.	MARYLAND TRUST COMPANY. 74 The Emery Advertising Co., Inc.
MARYLAND TRUST COMPANY. 74 The Emery Advertising Co., Inc.	MARINE TRUST COMPANY, BUFFALO. 12 Batten, Barton, Durstine & Osborn, Inc.
MARINE TRUST COMPANY, BUFFALO. 12 Batten, Barton, Durstine & Osborn, Inc.	GEORGE S. MAY COMPANY. Cover IV Jim Duffy, Inc.
GEORGE S. MAY COMPANY. Cover IV Jim Duffy, Inc.	MERCANTILE COMMERCE BANK & TRUST CO., ST. LOUIS. 75 Oakleigh R. French & Associates
MERCANTILE COMMERCE BANK & TRUST CO., ST. LOUIS. 75 Oakleigh R. French & Associates	METROPOLITAN LIFE INSURANCE COMPANY. 21 Young & Rubicam, Inc.
METROPOLITAN LIFE INSURANCE COMPANY. 21 Young & Rubicam, Inc.	MILLERS NATIONAL INSURANCE COMPANY. 8 Buchanan & Co.
MILLERS NATIONAL INSURANCE COMPANY. 8 Buchanan & Co.	MINNEAPOLIS MOULINE POWER CO. 70 Graves & Associates
MINNEAPOLIS MOULINE POWER CO. 70 Graves & Associates	MONROE CALCULATING MACHINE COMPANY. 14 Alley & Richards Company
MONROE CALCULATING MACHINE COMPANY. 14 Alley & Richards Company	NATIONAL BANK OF COMMERCE, HOUSTON. 67 Ritchie Advertising Agency
NATIONAL BANK OF COMMERCE, HOUSTON. 67 Ritchie Advertising Agency	NATIONAL BANK OF DETROIT. 8 J. L. S. Scrymgeour
NATIONAL BANK OF DETROIT. 8 J. L. S. Scrymgeour	NATIONAL CASH REGISTER COMPANY. 19 N. W. Ayer & Son, Inc.
NATIONAL CASH REGISTER COMPANY. 19 N. W. Ayer & Son, Inc.	NATIONAL UNION FIRE INSURANCE COMPANY. 62 Parker-Allston Associates
NATIONAL UNION FIRE INSURANCE COMPANY. 62 Parker-Allston Associates	NEW YORK TRUST COMPANY. 18 McCann-Erickson, Inc.
NEW YORK TRUST COMPANY. 18 McCann-Erickson, Inc.	OLD REPUBLIC CREDIT LIFE INSURANCE COMPANY. 18 Coolidge Advertising Company
OLD REPUBLIC CREDIT LIFE INSURANCE COMPANY. 18 Coolidge Advertising Company	PARSONS PAPER COMPANY. 8 Charles E. Vautrain Associates, Inc.
PARSONS PAPER COMPANY. 8 Charles E. Vautrain Associates, Inc.	PHILADELPHIA NATIONAL BANK. 68 Benjamin Eshleman Company
PHILADELPHIA NATIONAL BANK. 68 Benjamin Eshleman Company	PITTSBURGH PLATE GLASS COMPANY. 16 Batten, Barton, Durstine & Osborn, Inc.
PITTSBURGH PLATE GLASS COMPANY. 16 Batten, Barton, Durstine & Osborn, Inc.	POLK COMPANY, R. L. 18
POLK COMPANY, R. L. 18	PUBLIC NATIONAL BANK & TRUST COMPANY. 5 Rose-Martin, Inc.
PUBLIC NATIONAL BANK & TRUST COMPANY. 5 Rose-Martin, Inc.	THE PURSE COMPANY. 74
THE PURSE COMPANY. 74	GENERAL ELECTRIC COMPANY. Cover III Maxon, Inc.
GENERAL ELECTRIC COMPANY. Cover III Maxon, Inc.	HAMMERMILL PAPER COMPANY. 61 Batten, Barton, Durstine & Osborn, Inc.
HAMMERMILL PAPER COMPANY. 61 Batten, Barton, Durstine & Osborn, Inc.	HARTFORD FIRE INSURANCE COMPANY. 59 HARTFORD ACCIDENT AND INDEMNITY COMPANY Newell-Emmett Company
HARTFORD FIRE INSURANCE COMPANY. 59 HARTFORD ACCIDENT AND INDEMNITY COMPANY Newell-Emmett Company	HOMERIDGE FIRE INSURANCE COMPANY. 4 Albert Frank-Guenther Law, Inc.
HOMERIDGE FIRE INSURANCE COMPANY. 4 Albert Frank-Guenther Law, Inc.	HOTEL ROOSEVELT. 15 Kelly-Nason, Inc.
HOTEL ROOSEVELT. 15 Kelly-Nason, Inc.	INTERNATIONAL BUSINESS MACHINES CORPORATION. 13 Cecil & Presbrey, Inc.
INTERNATIONAL BUSINESS MACHINES CORPORATION. 13 Cecil & Presbrey, Inc.	LA MONTE, GEORGE & SON. 2 Samuel C. Crool Co., Inc.
LA MONTE, GEORGE & SON. 2 Samuel C. Crool Co., Inc.	LAWRENCE SYSTEM. 65 McCann-Erickson, Inc.
LAWRENCE SYSTEM. 65 McCann-Erickson, Inc.	MANUFACTURERS TRUST COMPANY, NEW YORK. 71 McCann-Erickson, Inc.
MANUFACTURERS TRUST COMPANY, NEW YORK. 71 McCann-Erickson, Inc.	MARYLAND TRUST COMPANY. 74 The Emery Advertising Co., Inc.
MARYLAND TRUST COMPANY. 74 The Emery Advertising Co., Inc.	MARINE TRUST COMPANY, BUFFALO. 12 Batten, Barton, Durstine & Osborn, Inc.
MARINE TRUST COMPANY, BUFFALO. 12 Batten, Barton, Durstine & Osborn, Inc.	GEORGE S. MAY COMPANY. Cover IV Jim Duffy, Inc.
GEORGE S. MAY COMPANY. Cover IV Jim Duffy, Inc.	MERCANTILE COMMERCE BANK & TRUST CO., ST. LOUIS. 75 Oakleigh R. French & Associates
MERCANTILE COMMERCE BANK & TRUST CO., ST. LOUIS. 75 Oakleigh R. French & Associates	METROPOLITAN LIFE INSURANCE COMPANY. 21 Young & Rubicam, Inc.
METROPOLITAN LIFE INSURANCE COMPANY. 21 Young & Rubicam, Inc.	MILLERS NATIONAL INSURANCE COMPANY. 8 Buchanan & Co.
MILLERS NATIONAL INSURANCE COMPANY. 8 Buchanan & Co.	MINNEAPOLIS MOULINE POWER CO. 70 Graves & Associates
MINNEAPOLIS MOULINE POWER CO. 70 Graves & Associates	MONROE CALCULATING MACHINE COMPANY. 14 Alley & Richards Company
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NATIONAL BANK OF DETROIT. 8 J. L. S. Scrymgeour	NATIONAL CASH REGISTER COMPANY. 19 N. W. Ayer & Son, Inc.
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NATIONAL UNION FIRE INSURANCE COMPANY. 62 Parker-Allston Associates	NEW YORK TRUST COMPANY. 18 McCann-Erickson, Inc.
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OLD REPUBLIC CREDIT LIFE INSURANCE COMPANY. 18 Coolidge Advertising Company	PARSONS PAPER COMPANY. 8 Charles E. Vautrain Associates, Inc.
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THE CONDITION OF BUSINESS

By WILLIAM R. KUHNS

THE OUTLOOK. It is going to be hard to put off much longer answering the question:

How can production of food and certain essential civilian goods be increased without interfering with the steady rise in production of munitions, ships, planes, tanks and everything needed by the fighters?

For a while the requirements of the civilian population were practically forgotten in the effort to reach high goals of war production. Now there is a trend in the other direction which, carried to extremes, would prolong the war. However, it is no longer simply a question of one or the other but is all one problem. The way must be found to increase production of both guns and butter, and the answer is by working longer hours.

• **TAKE THE LOSS.** Stated differently, the question that will soon insist on being answered is whether to take the steep short-cut to winning the war, or continue the long way around. Business has a phrase for it—whether to *take the loss* immediately (in comfort, leisure and convenience), or drag out the process and suffer much greater ultimate losses because of a longer war.

At the moment there seems to be an inclination to choose what looks like the easier way but isn't. There is a spirit of easy-going non-compliance with restrictions, and resistance to further sacrifices fostered mainly by these four great alibis.

(1) A popular belief that we have just about reached the levels of war production and effort once considered adequate for victory.

(2) A realization that civilian shortages of goods and manpower are beginning to pinch severely.

(3) A hard-to-escape conclusion that the authorities are all thumbs in handling many problems of civilian production, distribution and the necessary controls.

(4) A pleasant feeling that the real fighting is far away in places which cannot be pronounced, much less spelled, and the news is usually reassuring.

In reality, the level of production and manpower needed to finish the war depends on how soon we mean to get it over with. Civilian shortages could be much worse. So could the mistakes of public officials. And the fighting is only a few flying hours distant.

• **WORK AND MORE OF IT.** The only way left to increase production for both war and essential civilian needs is, more people working longer. The supply of unused people being almost depleted in this 16th month of the war, there remains only the supply of unused hours. This is the only source from which to get more hours and more production just as the only place to get more money for the Treasury is from those who have it.

The endless dodges employed to get around giving

this single answer to the question have led to trouble and confusion.

• **MANPOWER.** There have been so many different pronouncements on the manpower situation and widely contradictory estimates of the numbers needed in the armed services that no one can make plans for himself or his business more than a few weeks ahead. The harmful effects of so much shifting and wavering on a question touching the lives, families and employment of millions, would be hard to measure but must be great.

• **HOURS.** It may take a while to get used to the idea but before the war is over practically everyone in good health and capable, will probably be working quite a bit longer than now.

• **SAME PAY.** In any case, present working schedules are still based largely on peacetime thinking. They are obviously inadequate in this war because manpower is scarce and the production of everything is inadequate. In order to be a real contribution to the war effort this increased work and production should be achieved as far as possible without an increase in total amounts paid in wages and salaries. At least there should be no overtime premium paid for the extra work because such money at a time like this is simply a boomerang.

The Treasury pays out increasing quantities of dollars and gambles on getting them back whereas it would be much easier if these mischievous billions were prevented from getting into circulation in the first place.

The rising costs of living are already taking a slice of every pay check and it is about as big as the share taken by the tax collector.

• **RATIONING AND PRICES.** Lack of manpower is the primary cause of civilian shortages, particularly food, and in this sense at least is responsible for the whole circle of rising prices, hoarding, ceilings, rationing, higher prices, more ceilings, rationing and so on.

These things in turn have led to the present demoralization of markets and avenues of distribution, caused curtailment of production and aggravated the very conditions they were supposed to remedy.

Given even a fair assurance that a minimum output of goods and food for civilian use would certainly be maintained, it would do much to relieve the situation. This would mean attacking the problem from the standpoint of increasing supplies rather than simply curtailing use. Which in turn means finding extra manpower in the only place where it exists, namely, unused hours, to help farmers, also for the production of farm equipment and for work in plants turning out essential civilian goods.

Factual Fables for Financiers



THEY WERE GOOD AND MAD ABOUT THEIR MORTGAGE



The other Night a certain Man and Wife got Good and Mad. They were Good and Mad about their Mortgage! It was because the heating plant in their New House broke down. They almost Froze.

Besides, it had happened before. So had Other Things.

Worse yet, the Operating Bills are too High Every Month. People who know say the reason is that the Operating Equipment in the House was bought because of Low Price. Things that cost less to Buy, often cost Much More to Use. The Man and Wife are Finding That Out more all the time. It is making them Very Unhappy.

They are Wondering whether it pays to Keep Up Mortgage Payments on a House that Costs Too Much to Live in. A House like That is likely to make anybody a Poor Mortgage Risk—less willing to pay, and less Able. It stands to Reason.

MORAL: *If the equipment in the house is good,
the mortgage on the house is better.*

G-E EQUIPMENT IS GOOD EQUIPMENT AND GOOD BUSINESS—
FOR THOSE AFTER VICTORY HOMES

GENERAL ELECTRIC

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